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BEFORE THE  
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD POLICY,  
RESEARCH, AND TECHNICAL ASSISTANCE  
COMMITTEE

IN THE MATTER OF THE:                    )  
  )  
POLICY, RESEARCH AND                    )  
          TECHNICAL ASSISTANCE                    )  
          COMMITTEE MEETING                    )  
\_\_\_\_\_  
  —

DATE AND TIME:           THURSDAY, OCTOBER 22, 1996  
                                  9:30 A.M.

PLACE:                   BOARD HEARING ROOM  
                             8800 CAL CENTER DRIVE SACRAMENTO,  
                             CALIFORNIA

REPORTER:                BETH C. DRAIN, RPR, CSR  
                             CERTIFICATE NO. 7152

BRS FILE NO.:           36471

APPEARANCES

MR. PAUL RELIS, CHAIRMAN  
MR. DANIEL G. PENNINGTON, MEMBER  
MS. JANET GOTCH, MEMBER

STAFF PRESENT

MR. RALPH CHANDLER, CHIEF EXECUTIVE OFFICER MS.  
KATHRYN TOBIAS, LEGAL COUNSEL  
MS. DONNELL DUCLO, COMMITTEE SECRETARY  
MS. DOROTHY RICE

MS. CAREN TRGOVCICH

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ITEM 2: CONSIDERATION OF A PROCESS TO IDENTIFY A STATE AGENCY PARTNER AND PROJECT FOR THE 1997-98 ENVIRONMENTAL ENHANCEMENT AND MITIGATION PROGRAM

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1                   SACRAMENTO, CALIFORNIA; OCTOBER 22, 1996

2                                   10:30 A.M.

3

4                   CHAIRMAN RELIS:   CALL TO ORDER THE  
5   POLICY, RESEARCH, AND TECHNICAL ASSISTANCE  
6   COMMITTEE.   DONNELL, WOULD YOU PLEASE CALL THE  
7   ROLL.

8                   THE SECRETARY:   CHAIRMAN RELIS.

9                   CHAIRMAN RELIS:   HERE.

10                  THE SECRETARY:   MEMBER GOTCH.

11                  MEMBER GOTCH:    HERE.

12                  THE SECRETARY:   MEMBER PENNINGTON.

13                  MEMBER PENNINGTON:  HERE.

14                  CHAIRMAN RELIS:   OKAY.   WE HAVE ANY EX  
15   PARTES?

16                  MEMBER GOTCH:    I DO.   YES, I DO.   LET'S  
17   SEE.   ACTUALLY I'VE GOT A NUMBER OF THEM.   ON THE  
18   17TH I MET WITH STEVE MAGUIN AND JACK MICHAEL,  
19   BOTH OF L.A. COUNTY SAN DISTRICT; FRANK LANCASTER,  
20   L.A. COUNTY PUBLIC WORKS; LYNN NICHOLSON, L.A.  
21   COUNTY ASSISTANT DEPUTY DIRECTOR OF PUBLIC WORKS;  
22   AND JOE BLAINE, L.A. COUNTY.

23                               ALSO WENT DOWN TO THE LANDLAB AND  
24   MET WITH DR. ED BARNS OF CAL POLY POMONA AND JOE  
25   HOLLWORTH, L.A. COUNTY SAN DISTRICT, REGARDING CAL



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1 POLY POMONA LANDLAB.

2 THE PEOPLE I READ AT FIRST, I'M

3 SORRY, I FORGOT TO MENTION THAT THAT WAS REGARDING

4 L.A. COUNTY'S RUBBERIZED ASPHALT LAB. STEVE

5 MAGUIN, JACK MICHAEL, FRANK LANCASTER, AND LYNN

6 NICHOLSON, JOE BLAINE.

7 HAD A BRIEF HELLO WITH MICHAEL BYRNE

8 ON THE PLANE ON THE WAY DOWN. FOLLOWING DAY WITH

9 BOB SCHWARTZ OF ALL AMERICAN ASPHALT, AND PAT, THE

10 PLANT OPERATOR, OF ALL AMERICAN ASPHALT. I DON'T

11 KNOW HIS LAST NAME. ANGELA BAILEY OF PARCO; TERRY

12 LUTZ, CITY OF LAGUNA NIGUEL PUBLIC WORKS, CIVIL

13 ENGINEER; AND DR. BARRY TAKALLOU FROM TAK

14 INCORPORATED, ALL REGARDING RUBBERIZED ASPHALT.

15 AND LASTLY, TWO WRITTEN

16 CORRESPONDENCE, AND I BELIEVE ALL OF US RECEIVED

17 THE LETTER. ACTUALLY IT MAY HAVE BEEN DIRECTED TO

18 CHAIRMAN PENNINGTON, INTERSTATE ENVIRONMENTAL

19 TECHNOLOGIES WRITTEN BY JACK HANSON REGARDING TIRE

20 PROGRAM PRIORITIES AND FUNDING.

21 AND FINALLY, A LETTER FROM LYNN

22 NICHOLSON, COUNTY OF L.A. DEPARTMENT OF PUBLIC

23 WORKS, REGARDING THE STATEWIDE RUBBERIZED ASPHALT

24 CENTER.

25 CHAIRMAN RELIS: OKAY. ANY ADDITIONS?









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1 HEARING IN A MOMENT IS CONSIDERATION OF A PROCESS  
2 TO IDENTIFY A STATE AGENCY PARTNER AND PROJECT FOR  
3 THE 1997-98 ENVIRONMENTAL ENHANCEMENT AND  
4 MITIGATION PROGRAM, OR WHAT WE REFER TO AS EEMP  
5 GRANT APPLICATION CYCLE.

6 EDGAR ROJAS WILL BE PRESENTING THE  
7 ITEM. I'D JUST LIKE TO POINT OUT FOR YOU THAT IN  
8 PRESENTING THIS ITEM, WE WERE FOLLOWING ON THE  
9 BOARD'S APPROVAL OF A LETTER OF SUPPORT FOR THE  
10 BATTELLE PROJECT PROPOSAL AROUND PLASTIC LUMBER  
11 THAT WAS HEARD AT, I BELIEVE, THE AUGUST POLICY  
12 COMMITTEE MEETING AND BOARD MEETING AS WELL.  
13 EDGAR.

14 MR. ROJAS: GOOD MORNING. MY NAME IS  
15 EDGAR ROJAS FROM THE WASTE PREVENTION AND MARKET  
16 DEVELOPMENT DIVISION. TO START, I WOULD LIKE TO  
17 REFRESH YOUR MEMORY BY PROVIDING A SHORT  
18 CHRONOLOGY OF SOME OF THE MOST IMPORTANT EVENTS  
19 RELATED TO THIS ITEM.

20 ON SEPTEMBER 3D, AFTER BOARD  
ACTION,

21 BOARD CHAIRMAN PENNINGTON SIGNED A LETTER  
22 SUPPORTING THE PROJECT PRESENTED BY BATTELLE  
23 MEMORIAL INSTITUTE. AS YOU RECALL, BATTELLE  
WAS

24       SEEKING FOR \$50,000 A YEAR FOR THREE YEARS ON  
THE  
25       CALIFORNIA STATE TO EVALUATE TECHNOLOGIES  
USING

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1 RECYCLED PLASTIC LUMBER IN STRUCTURAL APPLICA-  
2 TIONS.

3 SINCE THE BOARD IS NOT ABLE TO  
4 PROVIDE SUCH FINANCIAL SUPPORT FOR BATELLE'S  
5 PROJECT, THE BOARD ASKED STAFF TO NETWORK WITH  
6 OTHER STATE AGENCIES TO IDENTIFY A STATE AGENCY  
7 PARTNER AND ALSO A PROJECT WHERE RECYCLED PLASTIC  
8 LUMBER COULD BE USED.

9 ON SEPTEMBER 13TH STAFF RECEIVED THE  
10 ENVIRONMENTAL -- THE 1997-1998 ENVIRONMENTAL  
11 ENHANCEMENT AND MITIGATION GRANT PROGRAM  
12 SOLICITATION, EEMP, FROM THE CALIFORNIA RESOURCES  
13 AGENCIES.

14 EEMP IS A PROGRAM THAT PROVIDES  
15 GRANTS TO LOCAL, STATE, AND FEDERAL AGENCIES AND  
16 TO NONPROFIT ORGANIZATIONS TO MITIGATE  
17 ENVIRONMENTAL IMPACTS OF MODIFIED OR NEW  
18 TRANSPORTATION FACILITIES. GRANTS ARE GENERALLY  
19 LIMITED TO \$350,000 EACH.

20 THE PURPOSE OF MY PRESENTATION IS TO  
21 INFORM THIS COMMITTEE ABOUT THE PROCESS THAT STAFF  
22 HAS DEVELOPED TO IDENTIFY THE PARTNER AND THE  
23 PROJECT THAT QUALIFIES WELL FOR THE ENVIRONMENTAL  
24 ENHANCEMENT MITIGATION GRANT PROGRAM.

25 TO HELP IN UNDERSTANDING THE



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1       PROCESS, I DESIGNED A DIAGRAM THAT ILLUSTRATES THE  
2       PLAYERS IN THE PROCESS AND ALSO THE FUNCTIONS OF  
3       EACH ONE.

4                       STAFF HERE, BOARD STAFF, HAS BEEN IN  
5       CONVERSATIONS WITH SEVERAL STATE AGENCY REPRESENTATIVES, SUCH AS BOATING AND WATERWAYS, WATER  
6       RESOURCES, CALTRANS, FISH AND GAME, AND PARKS AND  
7       RECREATION. STAFF SENT A LETTER TO THEM  
8       REQUESTING THAT THEY IDENTIFY AND DESCRIBE A  
9       PROJECT WHERE RECYCLED PLASTIC LUMBER COULD BE  
10      USED IN A PROJECT THAT QUALIFIES WELL UNDER EEMP.

12                      AFTER RECEIVING RESPONSE FROM THE  
13      STATE AGENCY PARTNER, WE WILL SELECT THE PROJECT  
14      THAT BEST MEETS THE QUALIFICATIONS UNDER EEMP.  
15      THEN BOARD STAFF, THE SELECTED STATE AGENCY, AND  
16      THE SCIENTISTS FROM BATTELLE WILL JOINTLY PREPARE  
17      A PROPOSAL AND SUBMIT IT WITH THE APPLICATION  
18      PACKAGE BEFORE NOVEMBER 12TH TO THE RESOURCES  
19      AGENCY.

20                      THE RESOURCES AGENCY PROSCRIBES THE  
21      PROCEDURES AND THE CRITERIA TO EVALUATE GRANT  
22      PROPOSALS. BASED ON ITS EVALUATION, THE RESOURCE  
23      AGENCY DEVELOPS A LIST OF PROPOSALS RECOMMENDED  
24      FOR FUNDING, AND THAT LIST IS SENT TO THE  
25      CALIFORNIA TRANSPORTATION COMMISSION. THE





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1       TRANSPORTATION COMMISSION AWARDS A GRANT EVERY  
2       YEAR.

3                       NOW, IF THE PROPOSAL SUBMITTED BY  
4       THE BOARD IS NOT IN THE LIST OF RECOMMENDED  
5       PROPOSALS FOR FUNDING, AND WE WILL KNOW THAT BY  
6       MAY 1997, MAY 1ST, THEN WE CAN RESUBMIT THE  
7       PROPOSAL FOR THE NEXT CYCLE. IF THE PROPOSAL  
8       SUBMITTED BY THE BOARD RECEIVES THE AWARD, THEN  
9       BOARD STAFF AND THE STATE AGENCY PARTNER WILL  
10      PREPARE AN INTERAGENCY AGREEMENT IN A CONTRACT  
11      WITH BATTELLE TO IMPLEMENT THE PROJECT.

12                     BOARD STAFF RECOMMENDS THAT THIS  
13      COMMITTEE APPROVE THE PROCESS THAT WE DEVELOPED  
14      AND ALSO TO GIVE US PERMISSION TO MAKE DECISIONS  
15      IN THE FUTURE BECAUSE THE DEADLINE FOR THIS -- FOR  
16      SENDING THE PROPOSALS IS TOO CLOSE.

17                     THAT CONCLUDES MY PRESENTATION; AND  
18      IF YOU HAVE ANY QUESTIONS, RANNY, CARY, AND I ARE  
19      GLAD TO ANSWER THEM.

20                     MS. TRGOVCICH: JUST TO SUMMARIZE FOR THE  
21      COMMITTEE AGAIN, WHAT STAFF ARE SEEKING IS THAT  
22      THE COMMITTEE DELEGATE TO STAFF SELECTION OF THE  
23      STATE AGENCY PARTNER, THAT WE WOULD BE FORWARDING  
24      A JOINT APPLICATION FORWARD UNDER THIS GRANT  
25      SOLICITATION, ONCE AGAIN, AS I FIRST STATED,



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1 BECAUSE OF THE SHORT DEADLINE FOR SUBMITTAL.

2 CHAIRMAN RELIS: ANY DISCUSSION?

3 MEMBER PENNINGTON: NO, MR. CHAIRMAN.

4 I'D BE HAPPY TO MOVE THE STAFF RECOMMENDATION.

5 CHAIRMAN RELIS: THE STAFF RECOMMENDATION  
6 DEFINING THE PROCESS AND GIVING AUTHORITY TO  
7 STAFF, THE LATITUDE, HAS BEEN MOVED.

8 MEMBER GOTCH: I'D LIKE TO ASK A COUPLE  
9 OF QUICK QUESTIONS IF I MAY FIRST, PLEASE. ONE IS  
10 I'M WONDERING WHY DOES THE BOARD NEED TO HAVE A  
11 GRANT PARTNER? I GUESS IF YOU COULD CLARIFY WHY  
12 THE BOARD NEEDS TO HAVE A GRANT PARTNER, WHAT'S  
13 THE SIGNIFICANCE OF THAT?

14 MR. ROJAS: BECAUSE THE PROJECT IS FOR  
15 CALIFORNIA, AND THAT IS FOR TRANSPORTATION  
16 PROJECT. SO WE'RE LOOKING FOR STATE AGENCIES THAT  
17 HAVE IN THE PAST RELATED TO RECYCLED PLASTIC  
18 LUMBER PROJECTS, NOT ANY STATE AGENCY, BUT THOSE  
19 RELATED TO RECYCLED PLASTIC LUMBER PROJECTS.

20 MS. TRGOVCICH: I THINK PERHAPS WE CAN  
21 CLARIFY -- CONTINUE TO CLARIFY ON THAT. WHAT  
22 WE'RE LOOKING FOR IS A STATE AGENCY THAT HAS  
23 DIRECT RESPONSIBILITY IN THIS AREA. THESE ARE  
24 TRANSPORTATION RELATED PROJECTS. AND AS A BOARD,  
25 WE DON'T HAVE THE ABILITY OR THE PROGRAMS TO



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1 INTERACT DIRECTLY INTO THE TRANSPORTATION FIELD.  
2 SO WE'RE SEEKING TO LINK UP, TO MATCH UP BATTELLE  
3 WITH A STATE AGENCY WITH THAT REALM OR RANGE OF  
4 AUTHORITY AND PROGRAMS.

5 MEMBER GOTCH: OKAY. I UNDERSTAND. I  
6 GUESS WHAT I'M CURIOUS ABOUT IS IF THAT LINKAGE  
7 THROUGH THE HIGHWAY AREA, ACTUALLY THROUGH  
8 CALTRANS ITSELF TOO, IF THAT CAN BE THROUGH MULCH  
9 OR COMPOST OR SOMETHING OTHER THAN IF WE COULD  
10 LINK UP WITH CALTRANS.

11 MS. TRGOVCICH: WE CONTACTED CALTRANS,  
12 AND PAT PASWATER HAS BEEN WORKING WITH A CERTAIN  
13 INDIVIDUAL AT CALTRANS THAT IS WORKING ON, FOR  
14 EXAMPLE, OUR INTERAGENCY AGREEMENT ON THE RICE  
15 STRAW BALE SOUND WALLS AND OTHER PROJECTS.

16 THEY HAVE PREPARED PROPOSALS IN THIS  
17 AREA AND HAVE RECEIVED AUTHORIZATION FROM THEIR  
18 OWN COMMISSION TO GO FORWARD AND PURSUE FEDERAL  
19 FUNDING UNDER TWO FUNDING ABILITIES. THERE'RE TWO  
20 POTS OF MONEY THEY'RE PURSUING RIGHT NOW. AND  
21 THEY DIDN'T FEEL THAT THEY WANTED ON THE SHORT  
22 DEADLINE, SHORT TURNAROUND ON THIS PARTICULAR  
23 SOLICITATION TO SEEK OR PURSUE AN ADDITIONAL  
GRANT

24 AWARD. THEY WERE COMMITTED TO THE TWO FEDERAL  
25 OPPORTUNITIES AT THIS POINT IN TIME.



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1                   BUT WE DID SEEK THEIR INPUT ON THIS  
2     AND TRY TO GET THEIR INVOLVEMENT, AND WE ACTUALLY  
3     HAVE A LETTER FROM THEM INDICATING THAT THEY'RE  
4     REALLY PUTTING THEIR RESOURCES TOWARDS THE TWO  
5     FEDERAL GRANTS RIGHT NOW.

6                   MEMBER GOTCH:   GREAT.   THANK YOU.   WELL,  
7     THEN, LET ME SECOND THE MOTION.   THANK YOU.  
8     YOU'VE ANSWERED MY QUESTION.

9                   CHAIRMAN RELIS:   OKAY.   MOTION HAS BEEN  
10    MOVED AND SECONDED.   WE'LL CALL THE ROLL.

11                  THE SECRETARY:   MEMBER GOTCH.

12                  MEMBER GOTCH:    AYE.

13                  THE SECRETARY:   MEMBER PENNINGTON.

14                  MEMBER PENNINGTON:  AYE.

15                  THE SECRETARY:   CHAIRMAN RELIS.

16                  CHAIRMAN RELIS:   AYE.   AND CONSENT.

17                  MEMBER PENNINGTON:  FINE.

18                  CHAIRMAN RELIS:   OKAY.   IT'S CONSENT.

19                         BEFORE WE GO FURTHER, LET ME FIRST  
20    ACKNOWLEDGE WE HAVE A FULL COMPLEMENT OF THE BOARD  
21    HERE.   BOB FRAZEE AND WESLEY CHESBRO HAVE JOINED  
22    US, AND SO I THINK THAT SPEAKS TO THE SIGNIFICANCE  
23    OF THE NEXT ITEM.   EVERYBODY IS VERY INTERESTED IN  
24    THIS.   IT'S A LENGTHY ITEM.   AND WITH THAT IN  
25    MIND, I HAVE FOUR REQUESTS TO SPEAK.   I HAVE A





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1        FEELING THERE MAY BE SEVERAL MORE.  I'D LIKE TO  
2        GET AN IDEA AT THE OUTSET WHAT WE'RE LOOKING AT  
BY

3        WAY OF SPEAKERS HERE SO I CAN BETTER JUDGE THE  
4        TIME.  SO IF YOU WOULD, IF YOU DO PLAN TO  
ADDRESS

5        THE COMMITTEE, WOULD YOU FILL OUT A SPEAKER'S  
FORM

6        AT THE REAR AND BRING IT TO THE FRONT TO  
DONNELL.

7        OKAY.

8                                SO I'LL TURN TO STAFF FIRST TO  
9        INTRODUCE ITEM 1.

10                            MR. CHANDLER:  THANK YOU, MR.  
CHAIRMAN.

11       MEMBERS FROM THE PUBLIC ARE COMING FORWARD.  
LET

12       ME JUST REITERATE YOUR POINT.  THIS IS A VERY  
13       IMPORTANT ITEM, ONE WHICH WE ATTEMPTED TO PUT A  
14       SIGNIFICANT AMOUNT OF STAFF WORK INTO  
DEVELOPMENT

15       OF THE ITEM AND PRESENT TO YOU A THREE-YEAR  
PLAN.

16       I'M GOING TO ASK THAT THIS ITEM BE PRESENTED  
17       JOINTLY BY DEPUTY DIRECTOR DOROTHY RICE AND

DEPUTY

18 DIRECTOR CAREN TRGOVCICH. I BELIEVE DOROTHY  
WILL

19 OPEN THE ITEM, SO I'LL TURN IT OVER TO YOU,  
20 DOROTHY. THANK YOU.

21 MS. RICE: THANK YOU, MR. CHAIRMAN AND  
22 MEMBERS. I'M DOROTHY RICE, DEPUTY DIRECTOR OF  
THE

23 PERMITTING AND ENFORCEMENT DIVISION. CAREN  
24 TRGOVCICH WILL JOINTLY PRESENT THIS ITEM WITH  
ME  
25 TODAY. SHE IS DEPUTY DIRECTOR OF THE WASTE

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1 PREVENTION AND MARKET DEVELOPMENT DIVISION.

2 AS NOTED ON THE AGENDA, THIS ITEM  
3 PRESENTS BACKGROUND INFORMATION AND OPTIONS FOR  
4 YOUR CONSIDERATION OF THE TIRE PROGRAM PRIORITIES,  
5 RELATED POLICY ISSUES, AND FUNDING ALLOCATIONS.

6 A FEW BRIEF ANNOUNCEMENTS. THERE  
7 ARE A NUMBER OF ITEMS AT THE BACK OF THE ROOM FOR  
8 THOSE MEMBERS OF THE PUBLIC. THERE ARE COPIES OF  
9 THE ITEM THAT IS THE SUBJECT OF THE BOARD MEMBERS'  
10 DISCUSSION TODAY AND THAT WAS MAILED TO A NUMBER  
11 OF INTERESTED PARTIES. SO IF YOU HADN'T BEEN ABLE  
12 TO GET A COPY, YOU SHOULD BE ABLE TO FIND ONE BACK  
13 THERE.

14 THERE ARE ALSO ADDITIONAL COPIES OF  
15 THE WHITE PAPER WHICH WAS PREPARED BY STAFF TO  
16 FACILITATE THE DISCUSSION AT THE SEPTEMBER 5TH  
17 WORKSHOP ON THESE RELATED ISSUES, AS WELL AS  
18 COPIES OF A WORKSHOP SUMMARY FROM THAT SAME  
19 SEPTEMBER 5TH WORKSHOP. SO YOU WILL FIND THOSE  
20 ITEMS AT THE BACK OF THE ROOM. AND YOU COULD  
21 INDICATE TO ONE OF THE STAFF IN THE FIRST ROW IF  
22 COPIES RUN OUT AND THERE IS A NEED FOR ADDITIONAL  
23 COPIES OF ANY OF THOSE ITEMS. PERHAPS, RUBIA, YOU  
24 COULD STAND UP AND INDICATE THAT IF FOLKS HAVE A  
25 NEED FOR ANY ITEMS, THEY COULD LET YOU KNOW.



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1        THANKS. I DON'T THINK WE HAD ANTICIPATED QUITE  
2        THE AUDIENCE THAT WE HAVE, SO WE MAY NOT HAVE MADE  
3        SUFFICIENT COPIES.

4                        THE ITEM THAT WE HAVE BEFORE YOU  
5        TODAY, WE'LL DO JUST A VERY BRIEF STAFF  
6        PRESENTATION, KNOWING THAT MEMBERS WANT TO GET TO  
7        THEIR DISCUSSION AND HEAR FROM YOU ON YOUR ISSUES  
8        AND CONCERNS. THE WAY WE HAVE ORGANIZED TODAY'S  
9        BRIEF PRESENTATION IS BASED UPON THE ITEM THAT  
10       YOU'VE HOPEFULLY SEEN, THAT, NO. 1, PROVIDES BRIEF  
11       INFORMATION ON THE BACKGROUND OF THE PROGRAM AND  
12       THE FUND, THE HISTORICAL ALLOCATIONS OVER THE  
13       YEARS, HOW THIS PARTICULAR ITEM WAS DEVELOPED, A  
14       THREE-YEAR BUDGET SUMMARY FOR THE REMAINING THREE  
15       FISCAL YEARS OF THIS PROGRAM, A DISCUSSION OF  
16       ISSUES THAT ARE DESCRIBED IN THE ITEM, AS WELL AS  
17       OPTIONS FOR BOARD MEMBER CONSIDERATION IN THE  
18       FISCAL AREA, IN THE POLICY AREA, AND IN THE  
19       LEGISLATIVE AREA; AND, LASTLY, A STAFF  
20       RECOMMENDATION PRINCIPALLY ON THE ALLOCATION OF  
21       THE '96-'97 DOLLARS WITH SUGGESTIONS FOR  
22       SUBSEQUENT YEARS.

23                        THE ITEM WAS DEVELOPED, NO. 1,  
24       THROUGH AN EVALUATION OF PRIOR YEAR BUDGETING WORK  
25       AND EXPERIENCE FROM THAT. WE WERE GREATLY AIDED



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1 BY THE INPUT FROM THE SEPTEMBER 5 WORKSHOP WHERE  
2 MANY OF YOU WHO ARE IN THE AUDIENCE TODAY CAME  
3 FORWARD AND PROVIDED EXCELLENT TESTIMONY, AS WELL  
4 AS A PANEL THAT ASSISTED IN GUIDING THAT  
5 DISCUSSION FOR THE BOARD MEMBERS' BENEFIT.

6 BASED IN GREAT PART UPON THE INPUT  
7 FROM THAT WORKSHOP AND FROM INDEPENDENT INPUT THAT  
8 WE RECEIVED FROM MANY FOLKS, AS WELL AS OUR BOARD  
9 MEMBERS, STAFF ATTEMPTED TO DEVELOP SOME OF THE  
10 ISSUES AND OPTIONS THAT HAD BEEN DESCRIBED. AND  
11 THOSE ARE PRESENTED TO THE BEST OF OUR ABILITY IN  
12 THE TIME AVAILABLE IN THE ITEM BEFORE THE BOARD --  
13 OR COMMITTEE TODAY.

14 LASTLY, THE ITEM FOR THE FIRST TIME  
15 SOUGHT TO PRESENT SOME THOUGHTS FOR A THREE-YEAR  
16 BUDGET FOR THE PROGRAM AND DISPLAYS INFORMATION ON  
17 ESTIMATED AVAILABLE REVENUES FOR THOSE THREE  
18 YEARS.

19 MOVING TO THE THREE-YEAR BUDGET, YOU  
20 CAN REFER TO THE CHART WHICH IS ON PAGE 5 OF YOUR  
21 ITEM, TABLE B, CALIFORNIA TIRE RECYCLING  
22 MANAGEMENT FUND. THE OVERHEAD THAT IS UP  
23 CURRENTLY SEEKS TO DESCRIBE WHAT WE CALL THE  
24 NONDISCRETIONARY EXPENDITURES FROM THE FUND. AS  
25 YOU WILL SEE FROM YOUR CHART, THEY CURRENTLY





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1       AMOUNT TO APPROXIMATELY 1.5 MILLION PER YEAR IN  
2       MORE OR LESS FIXED COSTS.   AND THESE ARE  
3       PRINCIPALLY THE SALARY AND WAGES FOR STAFF AND  
4       ASSOCIATED EXPENSES, THE MANDATORY SERVICE  
5       CONTRACTS, WHICH IS PRINCIPALLY THE CONTRACT WITH  
6       BOE THAT ACCOUNTS FOR THE VAST MAJORITY OF THAT  
7       MONEY, PLUS SOME ASSOCIATED SERVICE CONTRACTS, AND  
8       OPERATING EQUIPMENT AND EXPENSE COSTS FOR THE  
9       PROGRAM.

10                       MOVING THEN TO THE ITEM WHICH WILL  
11       BE THE SUBJECT OF MOST OF THE DISCUSSION TODAY AND  
12       SUBSEQUENT DISCUSSIONS, IF NEEDED, IS STAFF'S  
13       EFFORT TO DESCRIBE THE THREE-YEAR FUNDING PICTURE  
14       FOR THE PROGRAM.   AND AGAIN, WHAT IS ON THE  
15       OVERHEAD IS A VERY BRIEF DEPICTION OF MORE OF THE  
16       DETAIL WHICH WAS PROVIDED IN THE BOTTOM OF THAT  
17       CHART ON PAGE 5 OF THE ITEM.

18                       A COUPLE OF CHANGES TO DESCRIBE TO  
19       YOU VERBALLY AS WE WALK THROUGH THIS.   NO. 1,  
20       BASED ON ANTICIPATED ACTION BY THE BOARD TOMORROW  
21       TO AUGMENT THE BOARD OF EQUALIZATION CONTRACT FOR  
22       COLLECTION OF THE TIRE FEE, THE AMOUNT OF THE  
23       NONDISCRETIONARY EXPENDITURES WILL INCREASE BY  
24       39,000, SHOULD THE BOARD ADOPT THAT ACTION,  
WHICH,

25 AS I UNDERSTAND IT, IS ON THE CONSENT CALENDAR  
FOR

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1 TOMORROW. THAT WOULD RESULT IN A CORRESPONDING  
2 DECREASE IN THE AMOUNT AVAILABLE IN THE DISCRE-  
3 TIONARY FUNDING FOR THE REMAINING THREE YEARS AS  
4 THAT 39,000 WOULD SHIFT TO THE NONDISCRETIONARY  
5 FUNDING CATEGORY.

6 AN ADDITIONAL NOTE OF IMPORTANCE IS  
7 THAT \$750,000 WILL BE AVAILABLE IN THE FUND DUE TO  
8 THE CANCELLATION OF THE BOARD'S '95-'96 TIRE  
9 CLEANUP CONTRACT. IT IS MY UNDERSTANDING THAT  
10 EXPENDITURE AUTHORITY MUST NOW BE OBTAINED FOR  
11 THESE DOLLARS, AND THAT EXPENDITURE AUTHORITY WILL  
12 MOST LIKELY BE OBTAINED THROUGH A BUDGET CHANGE  
13 PROPOSAL FOR THE '97-'98 FISCAL YEAR.

14 I UNDERSTAND THERE ARE OTHER OPTIONS  
15 AVAILABLE FOR PURSUING EXPENDITURE AUTHORITY IN  
16 THE CURRENT YEAR, THE '96-'97 FISCAL YEAR, BUT  
17 THAT ISSUES ABOUT THOSE HAVE BEEN RAISED BY THE  
18 DEPARTMENT OF FINANCE. SO I ASSUME THAT'S AN  
19 ISSUE FOR FURTHER DISCUSSION BY THE BOARD AND THE  
20 EXECUTIVE OFFICE ON THE APPROPRIATE WAY TO ACQUIRE  
21 EXPENDITURE AUTHORITY FOR THAT MONEY.

22 SO BASED ON THOSE TWO CHANGES THAT I  
23 HAVE DESCRIBED, WHAT THAT DOES TO THE CHART ON THE  
24 OVERHEAD WOULD BE THE MONEY SHOWN AVAILABLE FOR  
25 '96-'97 WOULD BE DECREASED BY 39,000, LEAVING



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1       \$3,397,000. THE FUNDING AVAILABLE IN THE '97-'98  
2       FISCAL YEAR WOULD BE AGAIN DECREASED BY 39,000 AND  
3       THEN ADDED TO IT 750,000, WHICH MY CALCULATOR  
4       SHOWS COMES TO 9,591,000 FOR THAT FISCAL YEAR.  
5       AND THEN IN THE '98-'99 FISCAL YEAR, THE REDUCTION  
6       OF 39,000 WOULD AGAIN OCCUR, LEAVING \$4,497,000.

7                       I SHOULD POINT OUT AND STRESS THAT  
8       THE ESTIMATES FOR '97-'98 AND '98-'99 ARE JUST  
9       THAT. THEY ARE ESTIMATES OF POTENTIAL REVENUES  
10      COMING INTO THE FUND, ESTIMATES FROM THE SHIFT  
11      CAUSED BY THE MAZZONI BILL, AND THERE ARE A NUMBER  
12      OF ASSUMPTIONS AND, AGAIN, ESTIMATES BUILT INTO  
13      THOSE NUMBERS. SO I'M SURE THAT BUDGET AND  
14      PROGRAM STAFF WILL BE WORKING TO BRING BETTER  
15      NUMBERS, MORE RELIABLE NUMBERS TO THE COMMITTEE  
16      AND THE BOARD IN THE COMING MONTHS AS THOSE  
17      ESTIMATES COME TO FRUITION AND WE SEE WHAT THE  
18      TRUE IMPACT OF THE MAZZONI BILL IS AND WHAT THE  
19      TRUE CARRY-OVER FROM PRIOR YEARS IS TO THE FUND.

20                     A BRIEF NOTE ON WHY THE FIGURE FOR  
21      THE '97-'98 FISCAL YEAR IS INORDINATELY LARGE  
22      COMPARED TO THE OTHER YEARS WHEN THE REVENUE  
23      SOURCE IS A FAIRLY STABLE ONE. THERE ARE A  
COUPLE

24      OF REASONS FOR THAT. NO. 1, THERE IS A CARRY-

OVER

25 FROM THE '95-'96 FISCAL YEAR WHERE EXPENDITURE

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1        AUTHORITY WILL BE OBTAINED FOR THAT MONEY, AGAIN,  
2        THROUGH A BCP, I BELIEVE, IN '97-'98.  THERE IS  
3        ALSO THE ADDITIONAL REVENUE ANTICIPATED FROM THE  
4        MAZZONI BILL CHANGE ON COLLECTING THE FEE AT THE  
5        POINT OF SALE RATHER THAN DISPOSAL.  AND WE WERE  
6        NOT GRANTED EXPENDITURE AUTHORITY FOR THE FIRST  
7        TWO QUARTERS OF THAT REVENUE IN THE CURRENT FISCAL  
8        YEAR, SO THE 7-8 FIGURES REFLECT SIX QUARTERS OF  
9        THAT REVENUE, MEANING JANUARY THROUGH JULY OF '97  
10       PLUS THE FOLLOWING FULL FISCAL YEAR.

11                        LASTLY, A SUM OF MONEY WAS RECENTLY  
12        RETURNED TO THE FUND FROM A SWEEP THAT OCCURRED BY  
13        THE LEGISLATURE SEVERAL YEARS AGO, WHICH WAS  
14        CONTESTED, AND THOSE FUNDS, WHICH I BELIEVE ARE  
15        \$2.5 MILLION, HAVE NOW BEEN RETURNED TO THE FUND;  
16        BUT, AGAIN, WE HAVE BEEN ADVISED THAT WE CANNOT  
17        GET EXPENDITURE AUTHORITY FOR THAT MONEY IN THE  
18        CURRENT YEAR, THIS FISCAL YEAR, BUT RATHER NEED TO  
19        GO THE ROUTE OF A BCP FOR THE '97-'98 FISCAL YEAR.  
20        SO THOSE ARE SOME FACTS BEHIND WHY THE MIDDLE  
21        FIGURE THERE IS DISPROPORTIONATELY LARGE COMPARED  
22        TO THE TWO YEARS WHICH SURROUND IT AND PRIOR  
23        HISTORY OF THE FUND.

24                        CHAIRMAN RELIS:  JUST A BCP, IF YOU  
25        COULD --





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1                   MS. RICE: BUDGET CHANGE PROPOSAL TO SEEK  
2   AUTHORITY FROM THE LEGISLATURE TO SPEND THAT  
3   MONEY. SO WE WOULD BE SEEKING TO CHANGE THE  
4   NATURE OF OUR PRIOR YEARS' BUDGETS TO GET  
5   ADDITIONAL SPENDING AUTHORITY ON A ONE-TIME BASIS.

6                   MR. CHANDLER: DOROTHY, LET ME JUST ADD  
7   THAT CHAIRMAN PENNINGTON AND I JUST CAME FROM A  
8   MEETING WITH DEPARTMENT OF FINANCE WHERE WE RAISED  
9   IN THE BCP DISCUSSION THE NEED TO PERHAPS AUGMENT  
10  IN THE CURRENT YEAR THROUGH A DEFICIENCY REQUEST  
11  SECTION 27 THE YEAR-END BALANCE OF ABOUT HALF A  
12  MILLION DOLLARS AND CONTINUE TO GET RESISTANCE AT  
13  DEPARTMENT OF FINANCE FOR THAT TYPE OF REQUEST,  
14  INDICATING IT WAS MORE APPROPRIATE TO LOOK AT THE  
15  BUDGET CHANGE PROPOSAL FOR THE UPCOMING FISCAL  
16  YEAR.

17                   THERE STILL IS PERHAPS A WINDOW OF  
18  OPPORTUNITY WHERE WE COULD ATTEMPT TO GO DIRECTLY  
19  TO THE LAO AND SEE IF THERE'S ANY ROOM FOR THIS  
20  TYPE OF CONSIDERATION, BUT CLEARLY AT THE  
21  SUPERVISORY LEVEL AT THE DEPARTMENT OF FINANCE,  
22  THEY'RE INDICATING NO SUPPORT FOR A CURRENT YEAR  
23  AUGMENTATION.

24                   CHAIRMAN RELIS: JUST AGAIN, LAO IS --  
25                   MR. CHANDLER: LEG. ANALYSIS OFFICE.



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1 WE'LL BE LOOKING AT THE BUDGET PROPOSALS AS THEY  
2 COME THROUGH THE LEGISLATIVE OFFICE.

3 CHAIRMAN RELIS: WE HAVE OUR JARGON, YOU  
4 KNOW, UP HERE, AND JUST MAKE SURE YOU'RE FOLLOWING  
5 ON OUR JARGON.

6 MR. CHANDLER: THANK YOU.

7 MS. RICE: THANK YOU, PAUL. WITH THAT  
8 BRIEF BACKGROUND ON THE AMOUNT OF AVAILABLE MONEY  
9 AND OUR PURPOSE TODAY, I'D LIKE TO BRIEFLY  
10 DESCRIBE THE INFORMATION THAT WE HAVE BEFORE THE  
11 COMMITTEE AND FOR CONSIDERATION TODAY AND DESCRIBE  
12 WHAT THE FULL SCOPE OF THAT IS AND THEN SEEK  
13 DIRECTION FROM THE COMMITTEE ON WHICH ITEMS YOU  
14 MIGHT WISH TO TAKE IN WHICH ORDER.

15 FIRST OF ALL, YOU WILL NOTE FROM THE  
16 ITEM THAT PROGRAMMATIC OPTIONS FOR FUNDS AND STAFF  
17 DIRECTION ARE PRESENTED IN FOUR MAIN CATEGORIES:  
18 PERMITTING AND ENFORCEMENT, TIRE PILE STABILI-  
19 ZATION AND REMEDIATION, MARKET DEVELOPMENT, AND  
20 LEGISLATIVE CHANGES. THESE OPTIONS WERE DRAWN IN  
21 GREAT PART FROM THE WORKSHOP, FROM BOARD MEMBER  
22 AND ADVISOR INPUT, AND FROM INTERESTED PARTY INPUT  
23 THAT CAME IN INDEPENDENTLY OF THE WORKSHOP. STAFF  
24 DID THEIR BEST EFFORT TO CONSOLIDATE AND  
25 INCORPORATE THAT INPUT INTO THE OPTIONS THAT YOU



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1       SEE BEFORE YOU TODAY.

2                       AS NOTED, THERE WERE A NUMBER OF  
3       LEGISLATIVE CHANGES LISTED IN THE ITEM AND AS WELL  
4       A NUMBER OF ADDITIONAL POLICY OPTIONS THAT AROSE  
5       IN PART OUT OF THE DISCUSSION FROM THE WORKSHOP  
6       AND RELATED BOARD MEMBER DISCUSSION, AND SOME OF  
7       THE POLICY OPTIONS ARE IN EITHER DIRECT OR  
8       INDIRECT WAYS RELATED TO THE PROGRAMMATIC OPTIONS  
9       AND HOW TO PROCEED WITH ALLOCATION OF THE FUNDS.

10                      SO STAFF WOULD BE SEEKING DIRECTION  
11       AT THIS TIME CONCERNING THE COMMITTEE'S PLEASURE  
12       ON, YOU KNOW, HOW TO PROCEED WITH THE OPTIONS IN  
13       THE ITEM ITSELF. ONE SUGGESTION WE MIGHT MAKE,  
14       JUST OFF THE BAT, IS THAT THE LEGISLATIVE OPTIONS,  
15       DUE TO THEIR NATURE, MIGHT APPROPRIATELY BE  
16       DEFERRED TO EITHER A DIFFERENT FORUM OR A  
17       DIFFERENT TIME FOR DISCUSSION, GIVEN THAT THE  
18       BOARD DOES HAVE AN ESTABLISHED PROCESS FOR  
19       CONSIDERING LEGISLATIVE CHANGES, AND THAT MIGHT BE  
20       A WAY TO FOCUS YOUR ATTENTION TODAY ON THE POLICY  
21       ISSUES AND THE ALLOCATION DISCUSSION, IF THAT'S  
22       ACCEPTABLE TO THE COMMITTEE, AS ONE WAY TO FOCUS  
23       THE PRESENTATION RATHER THAN GOING SPECIFICALLY  
24       THROUGH THE LEGISLATIVE OPTION.

25                      CHAIRMAN RELIS: WELL, SINCE YOU'VE  
ASKED



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1       FOR DIRECTION, FIRST I'D LIKE TO MAKE A COUPLE  
OF  
2       GENERAL COMMENTS AND THEN SUGGEST A FORMAT THAT  
WE  
3       MIGHT USE TO GO THROUGH THIS FOLLOWING ON THE  
4       SUGGESTION FOR DIRECTION.

5                       LET ME JUST SAY AT THE OUTSET I  
6       THINK EVERYONE IN THIS ROOM IS QUITE AWARE OF  
THE  
7       FACT THAT WE HAVE A MAJOR WASTE TIRE PROBLEM IN  
8       CALIFORNIA, AND THIS STEMS FROM BOTH THE LEGACY  
OF  
9       THE TIRES THAT HAVE BEEN ACCUMULATING OVER  
PERHAPS  
10      THE LAST 30 OR MORE YEARS AND THE ANNUAL GENERA-  
11      TION OF NEW TIRES THAT ARE NOT DIVERTED AND  
WHICH  
12      WE NEED SOME END USE FOR, AND THAT AMOUNTS TO  
13      ABOUT 10 MILLION TIRES A YEAR.

14                     THE TASK BEFORE US TODAY IS HOW TO  
15      ALLOCATE THE TIRE PROGRAM FUNDS TO ADDRESS THESE  
16      PROBLEMS. AS INDICATED BY DOROTHY JUST A MOMENT  
17      AGO, WE SAW THE BUDGET. WE HAVE SOMEWHERE  
BETWEEN  
18      MAYBE 17 AND \$18 MILLION OVER A THREE-YEAR

PERIOD

19 IN DISCRETIONARY FUNDS TO ALLOCATE OVER THIS  
TIME

20 PERIOD, INCLUDING SOME 3.5 MILLION FOR THIS YEAR.

21 NOW, THAT SEEMS LIKE PERHAPS A  
FAIR

22 AMOUNT OF MONEY; BUT IN THE SCHEME OF THINGS,  
IT'S

23 ACTUALLY QUITE SMALL. AND THAT'S WHY THE

24 DECISIONS BEFORE US ARE SO IMPORTANT.

25 DECIDING HOW TO ALLOCATE THESE  
FUNDS



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1        IS DIFFICULT. THE ISSUES ARE QUITE COMPLEX AND  
2        OFTEN INTERTWINE, AND THE CHOICES, WHEN YOU LOOK  
3        AT IT DEEPLY, ARE NOT CLEAR-CUT. IT'S BECAUSE OF  
4        THIS COMPLEXITY THAT WE ASKED STAFF EARLIER THIS  
5        YEAR TO PUT TOGETHER THE MATERIAL THAT'S NOW  
6        BEFORE US, PUT IT ALL TOGETHER IN A COMPREHENSIVE  
7        FRAMEWORK SO THAT WE COULD MAKE DECISIONS WITHIN  
8        THE TOTAL DOLLARS WE HAVE AND LOOK AT A MULTI-YEAR  
9        RATHER THAN A SINGLE-YEAR EFFORT.

10                    AND I CERTAINLY WANT TO THANK STAFF.  
11        THERE ARE MANY INDIVIDUALS WHO HAVE BEEN INVOLVED  
12        IN THIS EFFORT, AND I WON'T GO THROUGH AND NAME  
13        EVERYONE RIGHT NOW. BUT THIS IS THE KIND OF  
14        EFFORT, I THINK, THE COMMITTEE AND THE BOARD AS A  
15        WHOLE HAS BEEN LOOKING FOR.

16                    I'D LIKE TO SUGGEST THAT WE PROCEED  
17        BEFORE THE DETAILS OF THIS TO FIRST ASK IF ANY  
18        COMMITTEE MEMBERS HAVE ANY GENERAL COMMENTS THAT  
19        THEY WOULD LIKE TO MAKE AT THIS TIME. AND IF SO,  
20        TO MAKE THOSE, AND THEN I HAVE SOME FURTHER  
21        SUGGESTIONS. MR. PENNINGTON.

22                    MEMBER PENNINGTON: MR. RELIS, I DON'T  
23        REALLY HAVE A STATEMENT. I JUST WOULD SAY THAT I  
24        AGREE COMPLETELY WITH YOU, THAT -- THAT WE DO HAVE  
25        A MAJOR WASTE TIRE PROBLEM AND INADEQUATE AMOUNT



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1       OF FUNDS TO DEAL WITH WHAT I CONSIDER IN SOME  
2       INSTANCES A VERY ENVIRONMENTAL DISASTER WAITING TO  
3       HAPPEN, THAT I BELIEVE IT IS OUR RESPONSIBILITY TO  
4       ADDRESS THESE PROBLEMS.

5                       THE ONLY CRITICISM THAT I MIGHT HAVE  
6       IS FROM A FORMER EMPLOYER OF MINE, THE TIRE  
7       INDUSTRY, AND THAT IS THAT I DON'T THINK THAT THEY  
8       ADEQUATELY PARTICIPATE IN TRYING TO SOLVE THE  
9       PROBLEM THAT IS CREATED BY THEIR PRODUCT. I DON'T  
10      KNOW OF ANY OTHER PRODUCT WHERE 95 PERCENT OF IT  
11      IS WASTE FROM THE TIME IT'S PURCHASED AND  
12      DEVELOPED AND VERY LITTLE -- I HAVE SEEN VERY  
13      LITTLE THAT THE TIRE MANUFACTURERS AND THE TIRE  
14      DEALERS HAVE DONE TO HELP ELIMINATE THIS PROBLEM.

15                      BUT I THINK WE ARE FACED WITH A  
16      MAJOR TASK HERE WITH VERY LITTLE MONEY.

17                      MEMBER GOTCH: I'M IN AGREEMENT ALSO. I  
18      DON'T THINK I CAN ADD ANYTHING ELSE.

19                      CHAIRMAN RELIS: THANK YOU. WHAT I WOULD  
20      SUGGEST IS THAT PERHAPS WE PROCEED AS FOLLOWS: WE  
21      WOULD -- WE HAVE ABOUT 14 OR 15 SPEAKER SLIPS. SO  
22      BY MY CALCULATION WE'LL TAKE 14 AS THE NUMBER.  
23      WE'VE GOT -- ON THE BASIS OF FIVE MINUTES, WHICH  
24      I'LL HOLD YOU TO, WE HAVE ABOUT AN HOUR'S WORTH OF  
25      PUBLIC TESTIMONY.



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1                   I THINK WE COULD REACH AGREEMENT ON  
2   AS MANY POLICY MATTERS AS THE COMMITTEE FEELS  
3   COMFORTABLE WITH TODAY AND FASHION FORMAL  
4   RECOMMENDATIONS TO THE BOARD TOMORROW. WE MAY NOT  
5   RESOLVE ALL THE ISSUES HERE TODAY AND TOMORROW, SO  
6   I WOULDN'T BE SURPRISED IF SOME ITEMS MIGHT RETURN  
7   TO THE COMMITTEE AT A FURTHER DATE FOR FURTHER  
8   EVALUATION.

9                   SO THE WAY I WOULD LIKE TO PROCEED  
10  IS TO FIRST GET THE TESTIMONY ON RECORD, AND THEN  
11  I ALSO WOULD LIKE, AFTER THE TESTIMONY, TO ASK FOR  
12  SOME CLARIFICATION ON -- IN THE STAFF REPORT ON A  
13  FEW MATTERS, AND THEN WE CAN PROCEED TO TRY TO  
14  MAKE SOME DECISIONS.

15                  SO I'M GOING TO TAKE YOU MORE OR  
16  LESS IN ORDER THE WAY THESE CAME TO ME, AND YOU  
17  HAVE FIVE MINUTES. AS I SAID, I'M GOING TO TIME  
18  YOU. SO IF YOU LINGER ON, YOU WILL BE CUT OFF  
19  BEYOND FIVE MINUTES. THERE'S GARY MATRANGA, TTR.  
20  I HOPE I PRONOUNCED YOUR NAME RIGHT.

21                  MR. MATRANGA: MORNING. I'M OPPOSED. I  
22  DON'T KNOW WHAT THE FULL PROPOSAL FROM OXFORD IS,  
23  SO IT'S HARD TO SPEAK ON THAT. SO I WOULD LIKE TO  
24  WAIT TO SEE WHAT THE PROPOSAL IS BEFORE SPEAKING.  
25                  CHAIRMAN RELIS: THAT'S FINE. SO YOU



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1        STILL HAVE FOUR AND A HALF MINUTES.    OKAY.    ROBERT  
2        WINTERS, ATLOS RUBBER.

3                MR. WINTERS:    DOES THE TIME START WHEN  
4        YOU FIRST STAND UP?

5                CHAIRMAN RELIS:    I DON'T KNOW.    BE  
6        FLEXIBLE ON THAT.

7                MR. WINTERS:    MORNING, CHAIRMAN RELIS.  
8        GREAT.    I REPRESENT THE RUBBER PAVEMENTS  
9        ASSOCIATION AS MUCH OR MORE THAN I DO OUR COMPANY,  
10       ATLOS RUBBER, INC., WHO ARE PRODUCERS OF CRUMB  
11       RUBBER FOR MANY, MANY USES, INCLUDING ASPHALT  
12       RUBBER.

13               THE RUBBER PAVEMENTS ASSOCIATION IS  
14       STRICTLY DEDICATED TO THE PROMOTION AND ESTABLISH-  
15       MENT OF NEW AND EXPANDED PROGRAMS FOR THE USE OF  
16       ASPHALT RUBBER AND, AS SUCH, WORKS VERY CLOSELY  
17       WITH CALTRANS, COUNTIES, CITIES, AND OTHER  
18       AGENCIES, INCLUDING THE MILITARY, THE FORESTRY,  
19       AND SO FORTH.

20               I NOTICE THAT THERE'S A CONSPICUOUS  
21       ABSENCE OF GRANTS RELATIVE TO EQUIPMENT RELATIVE  
22       TO THE CRUMB RUBBER INDUSTRY.    AND I RESPECTFULLY  
23       REQUEST THAT SOME PROVISION BE MADE IN LIGHT OF  
24       THE FACT THAT THE -- FOR THE CURRENT PAVING SEASON  
25       THAT WE'RE IN RIGHT NOW, THERE IS A SHORTFALL IN





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1 CRUMB RUBBER, SOMETHING THAT WE'VE NEVER COM-  
2 PLAINED ABOUT BEFORE. IT'S ALWAYS BEEN A SURPLUS  
3 SITUATION, BUT THAT'S CHANGED.

4 CALTRANS HAS COME OUT WITH A  
5 TREMENDOUS AMOUNT OF PROJECTS. AND AS A RESULT,  
6 OUR COMPANY HAS BEEN MAXED OUT SINCE THE MIDDLE OF  
7 JUNE FOR THE BALANCE OF THE CALENDAR YEAR. WE  
8 KNOW OF SEVERAL OF OUR COLLEAGUES THAT ARE IN THE  
9 SAME POSITION.

10 THE RESULT IS THAT OUT-OF-STATE  
11 TIRES ARE BEING GROUND AND SHIPPED INTO  
12 CALIFORNIA. IF SOME OF THE GRANT MONEY OR SOME  
13 GRANT MONEY CAN BE RESTORED TO THE BUDGET TO ALLOW  
14 FOR EXPANSION OF SOME OF THE EXISTING RUBBER  
15 GRANULATORS AND GRINDERS AND THE ESTABLISHMENT OF  
16 NEW PEOPLE RELATIVE TO THE GRINDING AND RECLAMA-  
17 TION OF THE TIRES IN THE FORM OF CRUMB RUBBER, I  
18 FEAR THAT, BASED ON CALTRANS' ESTIMATES, THIS IS  
19 GOING TO CONTINUE AND GROW EVEN MORE, WHICH IS  
20 GOOD NEWS RELATIVE TO THE USE OF ASPHALT RUBBER IN  
21 THE STATE. IT'S PROVING ITSELF EVERY DAY TO BE AN  
22 IMPROVED PRODUCT, AND WE'RE CONCERNED ABOUT THE  
23 OUT-OF-STATE CRUMB RUBBER THAT IS COMING INTO  
24 CALIFORNIA FOR USE IN CALTRANS AND LOCAL, STATE --  
25 THE FEDERAL AS WELL AS THE COUNTY AND CITY



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1 AGENCIES' PAVEMENTS.

2 SO WE RESPECTFULLY REQUEST THAT SOME  
3 GRANT MONEY BE RESTORED TO THE BUDGET SO THAT  
4 THERE CAN BE SOME EXPANSION AND/OR ESTABLISHMENT  
5 OF ADDITIONAL FACILITIES SO THAT WE DON'T HAVE TO  
6 GO OUT OF STATE AND USE OUT-OF-STATE TIRES. THANK  
7 YOU.

8 MEMBER GOTCH: MR. WINTERS, MAY I ASK YOU  
9 A QUICK QUESTION BEFORE YOU GO? THAT IS, ARE YOU  
10 UTILIZING STOCKPILED TIRES ALSO, OR IS THAT SIMPLY  
11 NEW TIRES?

12 MR. WINTERS: WHAT WE DO IS USE TIRE  
13 BUFFINGS FROM RETREAD OPERATIONS. WE ALSO PRODUCE  
14 BUFFINGS FROM SCRAP TIRES WITH A -- IN A MANU-  
15 FACTURING PROCESS, THE BALANCE OF THE CARCASS  
16 BEING 100 PERCENT RECYCLED BY OTHERS, THERE BEING  
17 NOTHING OTHER THAN SUB-B WIRE GOING INTO THE DUMP.

18 MEMBER PENNINGTON: MR. CHAIRMAN, I'D  
19 LIKE TO ASK MR. WINTERS A COUPLE OF QUESTIONS.

20 ONE IS YOUR ASSOCIATION WITH THE  
21 RUBBER PAVEMENT ASSOCIATION, WHO -- WHAT KIND OF  
22 BUSINESSES ARE --

23 MR. WINTERS: THIS IS A GROUP OF BOTH  
24 PRODUCERS AND USERS. THE USERS IN THIS CASE BEING  
25 THE CONTRACTING COMMUNITY THAT HAS THE EQUIPMENT



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1       NECESSARY TO DO ASPHALT RUBBER WORK IN THE MOST  
2       POPULAR MODE THAT IS BEING PRACTICED TODAY AND THE  
3       GRANULATED RUBBER PRODUCERS AS THE SUPPLIERS TO  
4       THEM.   AND BASICALLY IT'S A NATIONAL ORGANIZATION  
5       HEADQUARTERED IN PHOENIX, RECENTLY BACK FROM  
6       WASHINGTON, D.C., WHERE WE FELT OUR FEDERAL  
7       EFFORTS HAD BEEN MAXED OUT.

8               MEMBER PENNINGTON:   YOU ASK ABOUT GRANTS.  
9       WE DON'T TALK ABOUT LOANS.

10              MR. WINTERS:   GRANTS, LOANS, WHATEVER IS  
11       A PROPER STRUCTURE FOR THE TYPE OF ASSISTANCE.

12              MEMBER PENNINGTON:   LOANS, LOW INTEREST  
13       LOANS WOULD BE OF HELP?

14              MR. WINTERS:   I'M SURE THAT THEY WOULD BE  
15       OF HELP TO SOME, YES.   IT ALL DEPENDS ON WHETHER  
16       YOU ARE TRYING TO ESTABLISH A NEW FACILITY FROM  
17       THE GROUND UP OR WHETHER YOU'RE JUST LOOKING TO  
18       EXPAND ADDITIONAL CAPACITY WITH ADDITIONAL  
19       EQUIPMENT, PERHAPS, AS TO WHETHER A LOW INTEREST  
20       LOAN OR A GRANT IS MORE APPROPRIATE IN OUR  
21       OPINION.

22              MEMBER PENNINGTON:   DO YOU THINK THAT  
23       PRODUCERS OF RUBBERIZED ASPHALT WILL BECOME AN  
24       ECONOMIC VIABLE COMPANY -- INDUSTRY?

25              MR. WINTERS:   I'M SURE THAT IT WILL, MR.



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1 PENNINGTON. THE RECOMMENDED USE BY CALTRANS TODAY  
2 AND I'M -- I BELIEVE YOU'VE HEARD THIS FROM JACK  
3 VAN KIRK PREVIOUSLY -- IS THAT THEY NOW HAVE A  
4 SPECIFICATION BASED ON PERFORMANCE AND MANY, MANY  
5 YEARS OF STUDY WHEREBY A HALF THICKNESS OF ASPHALT  
6 RUBBER PAVEMENT IS EQUIVALENT TO A FULL THICKNESS,  
7 A HALF INCH INSTEAD OF AN INCH, FOR INSTANCE.

8 IN LIGHT OF THAT AND THEIR FINDINGS  
9 THAT IT IS EQUIVALENT OR MORE, NOT ONLY WILL IT BE  
10 AS COST-EFFECTIVE AS CONVENTIONAL PAVEMENTS, THE  
11 BIDS COULD BE COMING IN LOWER THAN CONVENTIONAL  
12 PAVEMENT. AND WE'RE JUST PERPLEXED BY THE FACT  
13 THAT NONE OF THE OTHER STATES ARE FOLLOWING  
14 CALTRANS' LEAD IN THAT DEPARTMENT.

15 CHAIRMAN RELIS: THANK YOU.

16 MEMBER GOTCH: I HAD A FOLLOW-UP QUESTION  
17 FOR YOU, MR. WINTERS. THAT IS, IF YOU COULD  
18 EXPLAIN TO ME, WHEN I ASKED ABOUT -- CAN YOU USE  
19 STOCKPILED TIRES?

20 MR. WINTERS: YES. I SPEAK FOR MY  
21 COLLEAGUES MOSTLY BECAUSE WE'RE PRIMARILY  
22 UTILIZING THE TREAD AND SIDEWALL PORTIONS OF THE  
23 TRUCK TIRES IN OUR OPERATIONS. THE AGE OF THE  
24 RUBBER IS IMPORTANT RELATIVE TO THE OVERALL  
25 QUALITY AND CHEMISTRY.





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1                   WE PREFER A FRESH FLOW. NO. 1, IT'S  
2   CLEANER, IT'S NOT NEARLY AS MUCH DIRT OR AGED,  
3   CRUSTY RUBBER ON THE OUTSIDE, WHAT HAVE YOU, WATER  
4   INSIDE, ETC., ETC., BECAUSE THIS RUBBER FOR USE IN  
5   VERY HOT ASPHALT MUST BE TOTALLY DRY.

6                   SO TO AVOID A DRYING OPERATION AS  
7   SUCH IS COST IMPORTANT. IN OUR OPINION, AND WE  
8   DON'T MEAN TO SET THE STANDARD WHEREBY TIRES ARE  
9   DIRECTED HERE OR THERE NECESSARILY, BUT IN OUR  
10   OPINION, THE STOCKPILE TIRES, ESPECIALLY THE OLDER  
11   STOCKPILES, ARE VERY, VERY SUITABLE FOR FUEL. AND  
12   THAT IS WHERE WE'D LIKE TO SEE THOSE DIRECTED.  
13   THE BTU VALUE OF OLD TIRES VERSUS NEW IS SO  
14   MINIMALLY LESS, THAT I THINK THE DIFFERENCE WOULD  
15   BE INSIGNIFICANT; WHEREAS, IT IS SIGNIFICANT IN  
16   THE PRODUCTION OF CRUMB RUBBER.

17                  MEMBER GOTCH: THANK YOU. ONE OTHER  
18   QUESTION FOR YOU, AND THAT IS IS YOUR  
19   ASSOCIATION -- DOES YOUR ASSOCIATION HAVE ANY  
20   INVOLVEMENT WITH PLAYGROUND MATTING?

21                  MR. WINTERS: NO. NO. IT IS STRICTLY A  
22   RUBBER PAVEMENTS ASSOCIATION. THERE ARE OTHER  
23   GROUPS AROUND THE COUNTRY, NONE IN THIS STATE  
24   UNFORTUNATELY. AND I THINK YOUR QUESTION IS A  
25   WISE ONE TO BRING UP. AND THAT IS THE ESTABLISH-



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1       MENT OF A RUBBER ASSOCIATION PER SE, NOT  
2       NECESSARILY DIRECTED AT ANY ONE INDUSTRY, BUT FOR  
3       MANY USES, SUCH AS PLAYGROUND MATS, SUCH AS ALL  
4       THE OTHER ATHLETIC USES, SUCH AS THE RUNNING  
5       TRACKS, THE TENNIS COURTS, AND WHAT HAVE YOU,  
6       WHERE IT CAN BE UTILIZED VERY, VERY EFFECTIVELY,  
7       BUT NOT IN THE VOLUMES THAT IT COULD BE UTILIZED  
8       IN THE HIGHWAYS.

9                       I THINK THAT'S WHY OUR ASSOCIATION  
10       WAS ESTABLISHED. WE WERE LOOKING TO GET THE  
11       VOLUME FOR A CHANGE INSTEAD OF JUST A TRICKLE OF  
12       THE TIRE FLOW CHanneled TO THE CRUMB RUBBER FOR  
13       USE IN AN EXTRA ADDED-VALUE PRODUCT.

14                    MEMBER GOTCH: THANK YOU, MR. WINTERS.

15                       MR. CHAIRMAN, I HAVE A SUGGESTION,  
16       IF I MAY. THAT'S TO ASK IF WE COULD KIND OF STAY  
17       WITHIN THE SUBJECT MATTER OF CRUMB RUBBER AT THIS  
18       TIME WITH THE SPEAKERS, IF THAT'S ALL RIGHT WITH  
19       MY COLLEAGUES.

20                    CHAIRMAN RELIS: YOU MEAN TO HAVE ONLY  
21       SPEAKERS WHO ARE FOCUSED ON CRUMB RUBBER?

22                    MEMBER GOTCH: YEAH. TO MAINLY STAY  
23       WITHIN ONE SUBJECT AND THEN GO TO ANOTHER.

24                    CHAIRMAN RELIS: FORMATWISE, I WOULD  
25       PREFER THAT WE JUST GET THE GAMUT OF TESTIMONY



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1 BECAUSE I DON'T KNOW HOW TO EVEN -- I DON'T KNOW  
2 WHO'S CERTAINLY FOCUSED ON CRUMB. SO I WOULD --

3 MEMBER GOTCH: OKAY. I UNDERSTAND WHAT  
4 YOU ARE SAYING.

5 MR. WINTERS: I ASSUME MY FIVE MINUTES  
6 PLUS ARE UP?

7 CHAIRMAN RELIS: YES. YOU HAD QUESTIONS,  
8 SO YOU HAD EXTRA TIME.

9 CHAD AVAKIAN, REPRESENTING THE  
10 ENVIRONMENTAL COMPLIANCE PARTNERS OF CALIFORNIA.

11 MR. AVAKIAN: HELLO. MY NAME IS CHAD  
12 AVAKIAN. THIS IS THE FIRST TIME THAT I'VE EVER  
13 ADDRESSED THE BOARD, SO I'M KIND OF NERVOUS. AND  
14 WHAT I'VE READ AND SO FAR HAVE GATHERED WITH THIS,  
15 THE CALIFORNIA INTEGRATED WASTE TIRE MANAGEMENT  
16 BOARD, IS THAT YOU GUYS HAVE HEARD A LOT ABOUT  
17 CRUMB RUBBER AND BURNING AND CEMENT KILNS AND FOR  
18 ENERGY. AND WHAT I'M PROPOSING IS AN ALTERNATIVE  
19 METHOD THAT, COMBINED WITH THE REST OF THAT, WE  
20 CAN ELIMINATE BY 100 PERCENT THE EXCESS TIRES THAT  
21 ARE GENERATED IN CALIFORNIA.

22 WE HAVE FOUR PARTNERS THAT ARE  
23 INVOLVED IN CALIFORNIA COMPLIANCE PARTNERS OF  
24 CALIFORNIA. THE MAJORITY OWNER OF THE CORPORATION  
25 IS MR. C. C. MEYERS, WHO IS THE SECOND LARGEST



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1       BRIDGE BUILDER IN CALIFORNIA.  SO ALONG WITH HIS  
2       ASSOCIATION, WE HAVE A LOT OF POLITICAL CLOUT, AND  
3       WE HAVE SOME OTHER -- I MEAN I DON'T WANT TO BE  
4       TOO PRESUMPTUOUS, BUT WE HAVE SOME THINGS THAT  
5       MAYBE I COULDN'T DO OR I COULDN'T GET THROUGH, SO  
6       WE HAVE SOME SUPPORT AS FAR AS THAT'S CONCERNED.

7                 OUR IDEA IS TO TAKE ANY LEGACY PILE,  
8       ANY TIRE PROBLEM WHATSOEVER, TAKE THOSE TIRES AND  
9       BE ABLE TO COMPRESS THEM INTO A BALE AND  
10      ENCAPSULATE THEM TOTALLY INTO A CEMENT BLOCK,  
11      WHICH CAN THEN BE USED IN NUMEROUS AMOUNTS OF  
12      STRUCTURAL PROJECTS, NOT LIMITED TO JUST SOUND  
13      WALL BARRIERS THAT WE HAVE ALREADY IN CONSTRUCTION  
14      AND BLUEPRINTS FOR WHICH WE HAVE.

15                AND, OH, SOMEWHAT -- CALTRANS IS  
16      SOMEWHAT SUPPORTING THAT.  I MEAN THEY'RE SAYING  
17      IF WE CAN GET THIS THING SO IT'S LOOKING GOOD,  
18      THAT THEY'LL BE SUPPORTIVE OF IT.  AND ALSO IT'S  
19      ABOUT HALF THE COST OF WHAT SOUND WALLS ARE GOING  
20      FOR RIGHT NOW IN THEIR CURRENT STATE.

21                CHAIRMAN RELIS:  YOU'RE TALKING ABOUT AN  
22      ENGINEERING CONSTRUCTION APPLICATION?

23                MR. AVAKIAN:  THAT'S RIGHT.

24                CHAIRMAN RELIS:  AND YOU ARE AWARE, I  
25      THINK IN THE STAFF REPORT WE'LL ELABORATE MORE





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1       LATER, THAT THAT IS ONE OF THE CATEGORIES THAT IS  
2       UNDER CONSIDERATION FOR APPROPRIATION. THAT'S A  
3       FRAME OF REFERENCE.

4               MR. AVAKIAN: WELL, THAT'S AN -- THAT  
5       MAKES SENSE. WHAT I GUESS THAT I'M SUGGESTING IS  
6       THAT THE BOARD SET ASIDE OR CONSIDER SETTING ASIDE  
7       SOME FUNDS TO LOOK AT ALTERNATIVE METHODS TO  
8       HANDLING THE EXCESS TIRES IN CALIFORNIA, AND WE  
9       HAVE A VIABLE PLAN. WE HAVE SOMEBODY THAT HAS  
10      STRONG BUSINESS BACKGROUND, THAT IS THE MAJORITY  
11      OWNER OF THIS CORPORATION.

12               AND WE NEED SOME HELP AS FAR AS  
13      GRANT FUNDING TO DEVELOP THIS PROJECT SO THAT  
14      WE'LL ENCAPSULATE MORE THAN JUST SOUND WALL  
15      BARRIERS, THAT IT CAN ENCAPSULATE BRIDGE BUILDING,  
16      ENCAPSULATE ANYTHING THAT YOU LOOK AT STRUCTURALLY  
17      WITH CEMENT. YOU CAN SEE CALIFORNIA'S WASTE TIRES  
18      IN THOSE PROJECTS.

19               AND WE'RE TALKING ABOUT MILLIONS OF  
20      TIRES BEING DISPOSED OF. WE'RE NOT TALKING ABOUT  
21      SMALL AMOUNTS HERE. WHEN I READ THE REPORT ON  
22      CRUMB RUBBER AND 10 MILLION TIRES BEING USED PER  
23      YEAR, IN EXCESS OF 10 MILLION TIRES PER YEAR,  
24      WELL, WE'RE TALKING ABOUT ONE PROJECT THAT'S 26  
25      MILES LONG OR 25 MILES LONG JUST ON A SOUND WALL



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1 BARRIER THAT CAN GET RID OF THREE MILLION TIRES.  
2 THOSE TIRES CAN COME FROM ANYWHERE. THEY CAN COME  
3 FROM LEGACY PILES. THEY CAN COME FROM SLUDGE  
4 POTS. SO, ANYWAYS, I'M JUST I GUESS EMPHATICALLY  
5 ASKING YOU TO REALLY CONSIDER SETTING ASIDE SOME  
6 FUNDS FOR GRANTS FOR NEW DEVELOPMENTS, AND I THINK  
7 THAT IS AN IMPORTANT DEVELOPMENT IN ORDER TO  
8 PROGRESS CALIFORNIA'S TIRE WASTE PROBLEM.

9 CHAIRMAN RELIS: HAVE YOU BEEN IN TOUCH  
10 WITH OUR STAFF BEFORE ON THIS?

11 MR. AVAKIAN: YES.

12 MEMBER PENNINGTON: SO YOU DO HAVE SOME  
13 RESEARCH YOU'VE DONE AND SOME COST FIGURES AND --

14 MR. AVAKIAN: EXACTLY. MR. MEYERS IS THE  
15 ONE THAT'S TAKEN CARE OF THAT, AND HE HAS FOUR  
16 ENGINEERS ON THE BLOCK BUILDING, THE BLOCK  
17 BUILDING ITSELF, AND WE HAVE ALL THE COST ANALYSIS  
18 AND EVERYTHING LIKE THAT ON THAT.

19 MEMBER PENNINGTON: HAVE YOU GIVEN THEM  
20 TO OUR STAFF OR SHARED THEM WITH OUR STAFF?

21 MR. AVAKIAN: WHAT I HAD -- I'VE TALKED  
22 TO TOM DIETSCH AND I GAVE HIM OUR VIDEOTAPE OF OUR  
23 TECHNOLOGY, AND IT EXPLAINS EXACTLY WHAT WE'RE  
24 DOING, MINUS ANY BLUEPRINTING THAT WE'VE DONE SO  
25 FAR AS CHANGING THE STRUCTURAL INTEGRITY OF THE



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1 BLOCK.

2 CHAIRMAN RELIS: THANK YOU VERY MUCH.

3 JOHN, IS IT, MUMFORD. TIRE -- I'M SORRY --

4 BRADDOCK GROUP.

5 MR. MUMFORD: MR. CHAIRMAN, MY NAME IS

6 JOHN MUMFORD. I REPRESENT THE BRADDOCK GROUP OF

7 ALEXANDRIA, VIRGINIA. WE ARE IN THE BUSINESS OF

8 REMEDIATING EXISTING DUMPS AS WELL AS LOOKING FOR

9 VALUE-ADDED MANUFACTURING APPLICATIONS FOR TIRE

10 PRODUCT.

11 CHAIRMAN RELIS: SO YOU'RE OUT HERE FROM

12 FAIRFAX, VIRGINIA?

13 MR. MUMFORD: YES. WE HAVE SUBMITTED A

14 PRELIMINARY PROPOSAL ON ONE OF YOUR TOP FOUR

15 TARGET PILES IN THE STATE RIGHT NOW AND HAVE

16 LEARNED, NOT ONLY BY LOOKING AT THAT ONE AS WELL

17 AS SOME OTHERS, SEVERAL THINGS THAT AT LEAST I

18 WOULD LIKE TO BRING TO THE ATTENTION OF THE BOARD

19 FOR CONSIDERATION AS YOU MAKE YOUR PLANS FOR

20 ALLOCATION OF THESE FUNDS OVER THE NEXT THREE

21 YEARS.

22 FIRST, WE COMMEND YOUR COMPREHENSIVE

23 APPROACH, THE OBVIOUS INTENSIVE STAFF WORK THAT

24 HAS BEEN DONE IN PREPARATION FOR THIS IN LOOKING

25 AT A THREE-YEAR PLAN. WE SHARE YOUR CONCERN OVER



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1 THE CONDITION OF SOME OF THESE DUMPS. THEY ARE,  
2 AS YOU KNOW, AN ENORMOUS FIRE HAZARD. THE SEVERAL  
3 THAT WE'VE LOOKED AT ARE UNPROTECTED, UNSECURED,  
4 AND NOT PREPARED FOR ANY FIRE EVENT OR ADVERSE  
5 EVENT. THEY'RE ACCESSIBLE BY OUTSIDE PEOPLE AND  
6 ARE COMPRISED OF TIRES THAT NOT ONLY OUTNUMBER  
7 WHAT THE STAFF ESTIMATES WERE, BUT THE CONDITION  
8 IS MUCH WORSE THAN ONE WOULD THINK AND INDEED  
9 TESTIFY TO THE 30-YEAR PROBLEM AS OPPOSED TO THE  
10 CURRENT PROBLEM.

11 THOSE WHO MANUFACTURE CRUMB RUBBER  
12 CAN DO QUITE WELL WITH A FRESH FLOW, AS MR.  
13 WINTERS POINTED OUT, BUT THOSE WHO ARE LOOKING AT  
14 REMEDIATION OF THE EXISTING PILES, AND WE WOULD  
15 NOT ONLY LIKE TO LOOK AT THE ONE THAT WE SUBMITTED  
16 A PROPOSAL ON, BUT A COMPREHENSIVE PLAN, DO FACE  
17 SOME BUSINESS, FINANCIAL, AND TECHNICAL RISKS THAT  
18 THE BOARD MUST CONSIDER IN ALLOCATING ITS FUNDS.

19 THESE -- THE KEY TO THIS INDUSTRY IS  
20 HAVING VIABLE END PRODUCTS THAT YOU CAN USE THE  
21 TIRE MATERIAL FOR. OLD DUMPS, THE VALUE HAS BEEN  
22 TAKEN OUT BY THE GUYS WHO ARE NOW SUNNING  
23 THEMSELVES ON THE BEACHES OF BERMUDA WHILE THE  
24 STATE IS STUCK WITH THE PROBLEM OF FINDING AN  
25 ECONOMICALLY VIABLE WAY OF DISPOSING OF THESE





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1        THINGS.    AND IN SO DOING, THE CURRENT FEES THAT  
2        ARE TAKEN AT THE POINT OF SALE ARE INADEQUATE FOR  
3        THAT REMEDIATION.

4                        SO THE BUSINESS RISK, THE FINANCIAL  
5        RISK, AND EVEN THE TECHNICAL RISKS HAVE GOT TO  
6        TAKE INTO ACCOUNT THE REALITIES OF WHAT THESE  
7        PILES LOOK LIKE.    WE'D MAKE SEVERAL RECOMMEN-  
8        DATIONS.    FIRST, THAT YOU AGGRESSIVELY PARTNER  
9        THROUGH THE INTEGRATED WASTE MANAGEMENT BOARD WITH  
10       THOSE WHO ARE GOING TO TAKE ON THIS JOB BECAUSE  
11       IT'S AN UGLY, DIRTY, DIFFICULT JOB.

12                      AGGRESSIVELY PARTNERING MEANS BE AS  
13       GENEROUS AS POSSIBLE ON THE GRANT AND LOAN SIDE,  
14       PHASE THE GRANTS AND LOANS AS TO RELATE TO THE  
15       SITUATION AT EACH DUMP; THAT IS, MOVE QUICKLY TO  
16       DO FIRE PROTECTION, SECURITY, AND THE THINGS THAT  
17       PROTECT THE PUBLIC SAFETY INITIALLY, AND THEN LOOK  
18       AT PHASING IN THE REST OF THE PROGRAM AS THE  
19       PROGRESS IS MADE ON EACH ONE.

20                      THIRDLY, BE AS STRONG AS POSSIBLE ON  
21       THE REMEDIATION SIDE BECAUSE THOSE WHO HAVE A  
22       VIABLE PROCESS NOW THAT THEY CAN LANDFILL, WHICH  
23       WE DON'T AGREE WITH, AND THOSE WHO CAN PUT THEM  
24       INTO VIABLE PRODUCTS ARE THE ONES USING THE NEWER  
25       TIRES, NOT THE OLD THINGS OUT OF THESE DUMPS, AND



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1       SO THERE WILL HAVE TO BE A DISPROPORTIONATE LEVEL  
2       OF RESOURCE INVESTMENT INTO THAT PROCESS AS  
3       OPPOSED TO THE LATER PROCESSES.  SO WE'RE GRATEFUL  
4       FOR THE OPPORTUNITY TO APPEAR.

5                       WE WOULD ALSO SUGGEST THAT YOU  
6       PETITION THE LEGISLATURE TO QUADRUPE THE FEE  
7       THAT'S TAKEN AT THE POINT OF SALE SO THAT MORE CAN  
8       BE ALLOCATED TO THE REMEDIATION PROCESS RATHER  
9       THAN LESS OVER THIS THREE-YEAR PROGRAM.

10                   CHAIRMAN RELIS:  THANK YOU.  QUESTIONS?  
11       I HAVE ONE QUESTION.  YOU MADE ALSO A PROPOSAL TO  
12       OUR STAFF?  OUR STAFF IS AWARE OF --

13                   MR. MUMFORD:  YES.

14                   CHAIRMAN RELIS:  -- YOUR EFFORT?

15                   MR. MMFORD:  THERE'S BEEN PROPRIETARY  
16       ELEMENTS FOR IT.  WE DIDN'T UNDERSTAND THE  
17       CALIFORNIA DOCUMENT LAW THAT THESE THINGS ARE  
18       ALLOWED TO BE CIRCULATED ONCE AND THAT REMOVES THE  
19       PROPRIETARY.  WE'D LIKE TO STAY ON RECORD WITH THE  
20       PROPOSAL.  AT THE CONCLUSION OF THE HEARING, WE'D  
21       LIKE THE OPPORTUNITY TO EXAMINE A COMPREHENSIVE  
22       PROPOSAL TO SUPPORT THE STATE.

23                   CHAIRMAN RELIS:  YOU'RE ALSO  
INTERESTED,

24       I 'VE HEARD, IN LOANS AS WELL AS GRANTS?

25                   MR. MUMFORD:  YES.



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1                   CHAIRMAN RELIS:   IS THAT CORRECT?

2                   MR. MUMFORD:   YES.

3                   CHAIRMAN RELIS:   BECAUSE YOU SEE AN  
4   ONGOING BUSINESS OPERATION SUPPORTED BY LOANS.

5                   MR. MUMFORD:   IF IT DOESN'T HAVE THAT,  
6   THE LOANS SHOULDN'T BE CONSIDERED.   THE PROBLEM IS  
7   DEALING WITH THE RISKS ON THE FRONT-END, AND  
8   YOU'VE GOT TO LOOK AT GRANTS AS A STRONGER PART OF  
9   THE COMPONENT OF THAT RATHER THAN LOANS.   BECAUSE  
10   IF IT'S NOT VIABLE, YOU DON'T WANT TO BE OBLIGATED  
11   TO REPAY A LOAN THAT IS NOT GOING TO BE GENERATED  
12   FROM THE PROCESS.

13                  CHAIRMAN RELIS:   OKAY.

14                  MEMBER GOTCH:   MR. MUMFORD, WHAT TYPE OF  
15   END PRODUCTS ARE YOU TALKING ABOUT WHEN YOU USE  
16   THIS?

17                  MR. MUMFORD:   WE HAVE WORK IN PROCESS  
18   THAT DOES EVERYTHING FROM CRUMB RUBBER, AS WAS  
19   DESCRIBED BEFORE, TO RUBBERIZED ASPHALT TO  
20   PLAYGROUNDS AND COVERING FOR CHILDREN'S  
21   PLAYGROUNDS, AS WELL AS TRACKS, HORSE WORKOUT  
22   ARENAS.   ALL THOSE THINGS ARE VIABLE END PRODUCTS  
23   AS LONG AS THE MARKET IS THERE TO SUPPORT THEM AND  
24   THE PROCESSES ARE IN PLACE TO DO THAT, BUT THEY DO  
25   REQUIRE THE NEWER TIRES RATHER THAN THE OLD STUFF



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1        THAT'S IN MOST OF THE DUMPS.

2                MEMBER GOTCH:    THANK YOU.

3                CHAIRMAN RELIS:    THANK YOU.

4                MEMBER PENNINGTON:    WHAT DO YOU DO WITH  
5        THE OLD STUFF?

6                MR. MUMFORD:    WELL, THIS IS GOING TO BE A  
7        PROBLEM.    MOST OF IT IS USABLE AS TIRE-DERIVED  
8        FUEL AS OPPOSED TO GOOD VALUE-ADDED PRODUCTS.  
9        TIRE-DERIVED FUEL HAS LIMITED VALUE ADDED AS  
10       COMPARED WITH THE OTHERS, AND SO THAT'S WHY THE  
11       RISKS ARE SO MUCH GREATER IN THIS REMEDIATION  
12       PROCESS.

13               CHAIRMAN RELIS:    ONE FURTHER POINT.    YOU  
14       RAISED THE ISSUE OF SOME OBSERVATIONS ON THE  
15       CURRENT SAFETY OR SAFETY AND HEALTH CONCERNS  
16       RELATED TO EXISTING PILES AND HOW THEY'RE  
17       CONFIGURED AND ACCESS TO, I ASSUME, FIRE  
18       PREVENTION EQUIPMENT AND ALL.    YOUR PROPOSAL  
19       SPEAKS TO THAT.

20               MR. MUMFORD:    WELL, WE HAVE ALREADY  
21       SAID  
22       THAT WE WOULD DO THE FIRE REMEDIATION PROCESS AS  
23       AN EARLY PART OF THIS PROVIDED WE GOT THE  
24       SUPPORT  
25       TO DO SO.    IN THE PARTICULAR DUMP THAT OUR

24 PROPOSAL ADDRESSES, THE SITE IS RINGED BY  
25 EUCALYPTUS TREES, AND YOU ARE A QUARTER OF A  
MILE



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1 FROM AN OIL REFINERY. A TIRE FIRE -- WE HAD ONE  
2 IN VIRGINIA, BUT IT BURNED FOR SIX MONTHS. THIS  
3 IS NOT A GOOD SITUATION FROM THE PUBLIC SAFETY  
4 STANDPOINT, AND THAT EXISTS IN A LOT OF OTHER  
5 AREAS AS WELL.

6 CHAIRMAN RELIS: THANK YOU.

7 MEMBER PENNINGTON: THE NAME OF YOUR  
8 GROUP IS THE BRADDOCK --

9 MR. MUMFORD: THE BRADDOCK GROUP.

10 CHAIRMAN RELIS: GENERAL BRADDOCK. ALL  
11 RIGHT. MICHAEL BYRNE REPRESENTING OXFORD TIRE.

12 MR. BRYNE: THANK YOU, MR. CHAIRMAN. MY  
13 NAME IS MICHAEL BRYNE. I'M REPRESENTING OXFORD  
14 TIRE RECYCLING. I CAN DISCUSS OUR PROPOSAL NOW,  
15 OR I CAN WAIT UNTIL THE STAFF MAKES THEIR REPORT  
16 AND COME UP AND TALK AFTERWARDS. MAYBE THAT  
WOULD

17 BE THE BETTER WAY TO GO.

18 CHAIRMAN RELIS: THAT WOULD BE FINE.

19 OKAY. THEN WE HAVE JACK MICHAEL REPRESENTING  
L.A.

20 COUNTY AND PART OF A TEAM PRESENTATION. YOU  
ARE

21 THE LEAD-OFF.

22 MR. MICHAEL: THANK YOU, MR. CHAIR AND

23 MEMBERS OF THE COMMITTEE AND OTHER MEMBERS OF  
THE

24 BOARD. I'M JACK MICHAEL, REPRESENTING LOS  
ANGELES

25 COUNTY DEPARTMENT OF PUBLIC WORKS TODAY. I  
WON'T

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1 GO INTO A LOT OF DETAIL ON OUR PROPOSAL THAT'S  
2 BEEN SUBMITTED TO YOU IN WRITING. I DO WANT TO  
3 COMMENT SOME ON THE STAFF REPORT, AND WE'D LIKE TO  
4 PROVIDE SOME ADDITIONAL INFORMATION IN CONNECTION  
5 WITH THE STAFF REPORT TO THE COMMITTEE.

6 THE ISSUE OF LOANS VERSUS GRANTS  
7 VERSUS CONTRACTS IS, I THINK, AN IMPORTANT ISSUE,  
8 AND THE STAFF HAS PROPOSED A LOAN PROGRAM WITH  
9 SOME NOTATION AND FLEXIBILITY FOR MAYBE CONVERSION  
10 TO GRANTS OR A GRANT PROGRAM AT THE OUTSET. I  
11 SIMPLY WANT TO POINT OUT TO YOU FROM, AT LEAST A  
12 LOCAL GOVERNMENT PERSPECTIVE, AND CLEARLY FROM LOS  
13 ANGELES COUNTY'S PERSPECTIVE, THAT WE STAY AWAY  
14 FROM LOANS TO DO ONGOING MAINTENANCE.

15 IN FACT, THE LEGISLATURE A YEAR OR  
16 SO AGO SEVERELY CRITICIZED LOS ANGELES COUNTY FOR  
17 LIVING OFF OF BORROWED MONEY. THERE WAS SOME  
18 DISPUTE AS TO WHETHER THAT, IN FACT, WAS THE CASE.  
19 BUT IN ANY EVENT, LOCAL GOVERNMENTS, I THINK,  
20 ARE -- AND PARTICULARLY LOCAL GOVERNMENT FINANCE  
21 MANAGERS WOULD BE EXTREMELY RELUCTANT TO BE  
22 ATTRACTED TO LOAN MONEY FOR ONGOING MAINTENANCE  
23 PROGRAMS.

24 BEYOND THAT, I THINK WITHIN THE  
25 FUNDING CATEGORIES THAT THE STAFF HAS PROPOSED,



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1       THERE PROBABLY ISN'T ANY QUARREL REALLY WITH THE  
2       CATEGORIES, BUT I WOULD SUGGEST THAT IN OUR  
3       PROPOSAL I THINK THERE ARE WAYS THAT PROGRAM-  
4       MATICALLY MONEY CAN BE USED FROM A COUPLE OF THE  
5       CATEGORIES, REMEDIATION AS WELL AS MARKET  
6       DEVELOPMENT.

7                       WHAT WE HAVE DONE UP TO NOW AND  
8       THROUGH OUR LAB AND OUR PROGRAM IN THE COUNTY AND  
9       WHAT ACTUALLY IN PART STARTED AS PART OF OUR LOCAL  
10      MARKET DEVELOPMENT EFFORT WAS THE ALLOCATION OF  
11      MONEY FROM OUR SOLID WASTE FUNDS FOR ASPHALT  
12      RUBBER AND SLURRY PROGRAMS. AND SINCE '93-'94,  
13      THE COUNTY HAS SPENT TO DATE ABOUT \$9 MILLION IN  
14      THIS PROGRAM AND HAVE A GOOD TRACK RECORD OF  
15      PROJECTS ON THE GROUND.

16                     WE'RE PROPOSING IN OUR PROPOSAL TO  
17      THE COMMITTEE THE ABILITY TO ENHANCE SOME OF THE  
18      RESEARCH THAT IS NEEDED, WE BELIEVE. WE THINK  
19      THAT CLEARLY WE COULD DEMONSTRATE THAT SOME OF THE  
20      LEGACY PILE REMEDIATION COULD BE USED THROUGH OUR  
21      PROGRAM AS FAR AS ASPHALT RUBBER; THEREFORE, PART  
22      OF THAT MONEY IN THE OUT YEARS COULD VERY WELL BE  
23      UTILIZED.

24                     WE'RE COMMITTED TO, FROM JUST A  
25      COUNTY STANDPOINT, SPENDING A LITTLE OVER A



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1        MILLION DOLLARS IN WASTE MANAGEMENT MONEY EACH OF  
2        THE NEXT THREE YEARS AT LEAST TO BE ABLE TO PUT ON  
3        THE GROUND A DEMONSTRATION OF ADDITIONAL WORK THAT  
4        WE HOPE TO DO THROUGH THE CENTER. OUR ONGOING  
5        CONTRACTUAL CONTACTS AND PROFESSIONAL ASSOCIATIONS  
6        WITH CITIES IN OUR COUNTY AND CITIES THROUGHOUT  
7        THE STATE, WE THINK, CLEARLY WOULD PROVIDE A  
8        SUPERIOR MECHANISM FOR DEVELOPING MARKETS, WHICH  
9        WE THINK ARE THE KEY TO NOT ONLY ULTIMATELY  
10       DEALING WITH THE LEGACY PILES, BUT FOR ONGOING  
11       REMEDIATION OF WASTE TIRES.

12                    MY UNDERSTANDING, IN SPEAKING WITH  
13       STAFF, IS THAT THERE IS VERY LIKELY THE LEGAL  
14       POSSIBILITY THAT INTERAGENCY AGREEMENTS BETWEEN  
15       THE COUNTY AND THE WASTE BOARD WOULD BE A  
16       MECHANISM FOR FUNDING OUR PROPOSAL. AND WE'D LIKE  
17       TO OFFER THAT TO THE COMMITTEE AND EXPLORE THAT TO  
18       ITS CONCLUSION, IF POSSIBLE.

19                    IN TERMS OF OTHER COMMENTS ON THE  
20       STAFF REPORT, I'D LIKE TO ASK FRANK LANCASTER, WHO  
21       IS RESPONSIBLE FOR OPERATING OR SUPERVISING THE  
22       OPERATION OF OUR MATERIALS LAB, TO COME FORWARD.  
23       HE BELIEVES HE HAS SOME ADDITIONAL INFORMATION  
24       THAT WOULD CLARIFY SOME OF THE QUANTITY OF  
25       RUBBERIZED ASPHALT ACTIVITY THAT CURRENTLY EXISTS





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1       AND WHAT THE POTENTIAL COULD BE FOR THE USE OF  
2       TIRES THROUGH THIS MECHANISM.

3                       SO I'D LIKE TO ASK FRANK TO COME UP,  
4       AND THEN WE ALSO HAVE BARRY TAKALLOU, WHO WOULD  
5       LIKE TO ADD SOME THINGS, PRIMARILY AS IT RELATES  
6       TO ADDITIONAL INFORMATION WITH THE STAFF REPORT.  
7       AND THEN FOLLOWING ANY OTHER DISCUSSION, WE'RE  
8       AVAILABLE TO ANSWER MORE SPECIFIC QUESTIONS WITH  
9       REGARD TO OUR PROPOSAL.   FRANK.

10                   MR. LANCASTER:   I AM FRANK LANCASTER  
FROM

11       L.A. COUNTY.   I WANTED TO TALK ABOUT PAGE 7,  
ITEM

12       2 ON THE STAFF REPORT.   WE FEEL THAT IT LOOKS  
LIKE

13       STAFF IS REALLY GREATLY UNDERESTIMATING THE  
14       POSSIBLE USE OF THE TIRES IN ASPHALT RUBBER.  
THE

15       STAFF REPORT ASSUMES THAT CALIFORNIA USES 20  
16       MILLION TONS OF ASPHALT PER YEAR.   THIS NUMBER  
IS

17       REALLY LOW.   AND THEN THEY GO ON TO THEN SAY 10  
18       PERCENT OF THIS WILL BE USED FOR ASPHALT RUBBER,  
19       WHICH EQUALS TWO MILLION TIRES EACH YEAR.

20                   I'D LIKE TO POINT OUT THAT THE

21 ASPHALT INSTITUTE HAS DATA WHICH REALLY SHOWS  
THAT  
22 CALIFORNIA USED 46 MILLION TONS OF ASPHALT  
23 CONCRETE LAST YEAR. IF THIS WAS REALLY  
CONVERTED  
24 OVER TO 100 PERCENT ASPHALT RUBBER, WHICH I  
25 REALIZE WILL PROBABLY NEVER HAPPEN, THAT WOULD  
BE

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1 150 MILLION TIRES EVERY YEAR, WHICH IS REALLY A  
2 HUGE DIFFERENCE FROM WHAT THEY'RE TALKING ABOUT.

3 TO TALK ABOUT NUMBERS THAT I KNOW  
4 SOMETHING MORE ABOUT FOR LOS ANGELES COUNTY, LOS  
5 ANGELES COUNTY HAS AN ANNUAL ROAD BUDGET OF \$265  
6 MILLION; AND OF THAT \$265 MILLION, WE USUALLY  
7 SPEND \$80 MILLION A YEAR FOR ASPHALT. AND WE HAVE  
8 BEEN USING FOR THE LAST FOUR YEARS 75 PERCENT OF  
9 OUR ASPHALT IS ASPHALT RUBBER, WHICH MEANS WE HAVE  
10 BEEN USING APPROXIMATELY \$60 MILLION OF ASPHALT  
11 RUBBER ANNUALLY.

12 BASED UPON THE AVERAGE PRICE THAT WE  
13 HAVE BEEN GETTING OF ABOUT \$40 PER TON FOR THE  
14 ASPHALT RUBBER, THAT EQUALS 1.5 MILLION TONS OF  
15 ASPHALT RUBBER YEARLY. AND AT 2.5 TIRES PER TON,  
16 THAT EQUALS 3.7 MILLION TIRES ANNUALLY JUST FOR  
17 LOS ANGELES COUNTY.

18 LOS ANGELES COUNTY ALSO HAS 70  
19 CITIES THAT ALSO USE ASPHALT RUBBER. AND LOOKING  
20 OVER WHAT THEY HAVE REALLY USED, JUST AS A ROUGH  
21 ESTIMATE, I WOULD SAY EACH CITY PROBABLY AVERAGES  
22 10,000 TONS ANNUALLY OF ASPHALT RUBBER. THAT  
23 EQUALS ANOTHER 700,000 TONS A YEAR OF ASPHALT  
24 RUBBER, WHICH ADDED INTO L.A. COUNTY'S USE, IS 2.2  
25 MILLION TONS OF ASPHALT RUBBER ANNUALLY, WHICH



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1       EQUALS 5.5 MILLION TIRES A YEAR.

2                   AND THAT'S THE CURRENT PROGRAM, AND  
3       WE ARE STILL WORKING WITH THE OTHER AGENCIES, AND  
4       WE ARE ALSO WORKING WITHIN L.A. COUNTY TO BRING  
5       DOWN THE COST OF THE ASPHALT RUBBER.  AND WE  
6       REALLY HOPE TO USE MUCH MORE THAN THIS IN FUTURE  
7       YEARS.  SO I THINK STATEWIDE THERE'S A REALLY HUGE  
8       POTENTIAL FOR THE USE OF RUBBER TIRES IN ASPHALT  
9       RUBBER.

10           CHAIRMAN RELIS:  QUESTIONS?  COMMENTS?  
11       I'D LIKE TO -- I HAD THIS FLAGGED IN THE REPORT,  
12       AND LATER ON I WOULD LIKE US TO GO BACK OVER WITH  
13       STAFF SOME OF THE COMMENTS MADE AND VERIFY OR TALK  
14       ABOUT THE FORMULA A BIT, BUT LET'S NOT DO THAT  
15       NOW.

16           MEMBER GOTCH:  I'LL WAIT UNTIL AFTER DR.  
17       TAKALLOU.

18           MR. LANCASTER:  I BELIEVE BARRY TAKALLOU  
19       HAS SOME ITEMS TO BRING UP ABOUT THE REPORT.

20           CHAIRMAN RELIS:  THANK YOU.

21           DR. TAKALLOU:  I'M BARRY TAKALLOU FROM  
22       TAK CONSULTING ENGINEERS IN ORANGE COUNTY.  
23       SPEAKING ON BEHALF OF OTHER MUNICIPALITIES, WHICH  
24       THEY CAN GET THE BENEFIT OF RUBBERIZED ASPHALT AND  
25       THEY DO NOT HAVE THE BASIC TRAINING AND KNOW-HOW



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1 HOW TO USE THIS PRODUCT.

2 CURRENTLY I'M WORKING WITH CITY OF  
3 SAN FRANCISCO, WHICH IN CITY OF SAN FRANCISCO, THE  
4 LAST RUBBERIZED ASPHALT THEY PUT DOWN COST THEM  
5 \$100 PER TON VERSUS IN LOS ANGELES COUNTY IT'S  
6 AVERAGING ABOUT \$45 PER TON. AND THE COST OF THE  
7 TIPPING FEE FOR SCRAP TIRES IN SOUTHERN CALIFORNIA  
8 IS ABOUT 40 CENTS, AND THE LATEST INFORMATION FROM  
9 THE AREA IS DOLLAR FIFTY TO \$2 PER TIRE.

10 AND THAT SHOWS THE SIGNIFICANCE OF  
11 WHEN YOU CAN DEVELOP A MARKET. WHEN THERE'S A  
12 MARKET, YOU CAN DROP THE COST TO PUBLIC SECTOR,  
13 FORTY CENTS VERSUS DOLLAR FIFTY PER TIRE.

14 CALLING ON BEHALF OF L.A. COUNTY,  
15 SUPPORT OF THE CENTER, TO DEPLOYED DEVELOPMENT OF  
16 A CENTER TO TRANSFER THE TECHNOLOGY, WHICH IS  
17 ALREADY MILLIONS OF DOLLARS ALREADY EXPENDED BY  
18 TAXPAYERS' MONEY IN SOUTHERN CALIFORNIA, AND  
19 TRANSFER IT TO OTHER LOCAL JURISDICTIONS IN  
20 NORTHERN CALIFORNIA.

21 ALSO, I WOULD LIKE TO RESPOND TO A  
22 QUESTION. THERE WAS A TECHNICAL QUESTION AS FAR  
23 AS CAN WE USE TIRES IN STOCKPILE IN ASPHALT  
24 RUBBER. TECHNICALLY THERE'S NO PROBLEM TO USE  
25 CRUMB RUBBER PRODUCED FROM TIRES THAT'S BEEN IN





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1 THE STOCKPILE BEFORE. THERE'S NO TECHNICAL  
2 PROBLEM BECAUSE ONE ISSUE WAS BROUGHT UP BEFORE IN  
3 THE WORKSHOP, THE DUST, THE DUST CONTENT IN TIRES,  
4 WHICH ARE STOCKPILED.

5 NOW, IN OUR PAVEMENT, 92 PERCENT OF  
6 OUR PAVEMENT ARE AGGREGATE AND DUST. AND  
7 TECHNICALLY WE COULD GO AND ADD DUST TO OUR  
8 PAVEMENT TO MAKE IT MORE VISCOUS TO LAY IT DOWN,  
9 SO HAVING SOME DUST IN THE CRUMB RUBBER IS NOT  
10 REALLY GOING TO BOTHER THE PERFORMANCE OF THE  
11 PAVEMENT.

12 CHAIRMAN RELIS: MS. GOTCH.

13 MEMBER GOTCH: DR. TAKALLOU, I'M GOING  
14 BACK TO THE LETTER THAT WAS SENT TO MR. RELIS  
15 REGARDING THE FUNDING FOR THE STATEWIDE CENTER.  
16 AND I'M WONDERING WHAT EFFECT THIS WOULD HAVE ON  
17 THE PROJECT IF THE BOARD WAS ONLY ABLE TO PROVIDE,  
18 SAY, 400 TO \$500,000 IN THE CURRENT YEAR RATHER  
19 THAN THE 700,000 THAT YOU HAD REQUESTED OR THAT  
20 L.A. COUNTY HAD REQUESTED.

21 DR. TAKALLOU: I THINK THIS QUESTION I  
22 SHOULD REFER TO MR. MICHAEL AND MR. LANCASTER TO  
23 ANSWER THIS QUESTION.

24 MR. MICHAEL: WE'D HAVE TO LOOK AT THAT.  
25 THE PRIMARY REASON FOR THE ADDITIONAL REQUEST IN



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1 THE INITIAL YEAR WAS THE NEED TO PURCHASE  
2 EQUIPMENT, WHICH IS THE MOST IMPORTANT FRONT-END  
3 OUTLAY THAT WE WOULD HAVE. BUT WE'D BE HAPPY TO  
4 DISCUSS WITH THE COMMITTEE AND THE STAFF SOME WAY  
5 TO DEAL WITH THAT ISSUE IN THE SENSE OF DEALING  
6 WITH A THREE-YEAR FUNDING PROGRAM.

7 CLEARLY THE PRIMARY MONEY IN THE  
8 PROPOSAL ITSELF IS FOR THE EQUIPMENT, WHICH IS THE  
9 LARGEST AMOUNT, SINGLE THING THAT WE NEED. THE  
10 OTHER IS STAFFING AS IT RELATES TO THE MELDING OF  
11 RESEARCH, MARKET DEVELOPMENT, TECHNOLOGY TRANSFER  
12 TO THE OTHER JURISDICTIONS. SO CERTAINLY WE CAN  
13 CONTINUE TO DO SOME OF THE PROGRAM, BUT THE  
14 EQUIPMENT IS THE BIG ISSUE. AND WE'D HAVE TO WORK  
15 OUT THE DETAILS AS TO HOW THAT MAY BE SPREAD.

16 MEMBER GOTCH: I HAD ASKED THIS, AS YOU  
17 HAD HEARD, IN MS. RICE'S PRESENTATION THAT WE  
18 CLEARLY HAVE MORE MONEY NEXT YEAR AND COMING  
19 YEARS. THANK YOU.

20 MR. MICHAEL: THANK YOU.

21 MEMBER GOTCH: I DO HAVE A QUESTION FOR  
22 DR. TAKALLOU. I HEARD THE OTHER DAY, WHEN I HAD  
23 GONE DOWN SOUTH TO VISIT THE FACILITY, THAT  
24 RUBBERIZED ASPHALT CAN BE USED IN ALL DIFFERENT  
25 CLIMATES, WHETHER IT'S COLD OR HOT. HOWEVER, WHAT



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1       HAPPENS IN COLDER CLIMATES WHERE SALT IS USED FOR  
2       SNOW REMOVAL?  HOW DOES RUBBERIZED ASPHALT HOLD UP  
3       IN A CONDITION LIKE THAT?

4               DR. TAKALLOU:  STUDIES BY NEW JERSEY  
5       DEPARTMENT OF TRANSPORTATION, THIS IS FIELD  
6       STUDIES BY NEW JERSEY DEPARTMENT OF  
7       TRANSPORTATION, THEY FOUND OUT WHEN THEY COMPARED  
8       WITH CONVENTIONAL ASPHALT, 65 PERCENT REDUCTION ON  
9       SALT CONSUMPTION ON RUBBERIZED ASPHALT PAVEMENT ON  
10      THE SIDE-BY-SIDE EVALUATION.

11             MEMBER GOTCH:  THANK YOU.

12             MEMBER PENNINGTON:  MAYBE MR. TAKALLOU  
13      CAN TELL ME, BUT IT SEEMS TO ME THAT THERE'S SOME  
14      DISCREPANCY HERE BETWEEN WHAT L.A. COUNTY'S  
15      EXPERIENCE IS AND WHAT THE CALTRANS EXPERIENCE IS.  
16      IS CALTRANS NOW COMING TO THE REALIZATION THAT  
17      RUBBERIZED ASPHALT IS A MORE VIABLE PRODUCT, OR  
18      ARE THEY STILL THINKING THAT IT'S NOT?

19             DR. TAKALLOU:  AS AN INDUSTRY REPRESENTATIVE  
20      WORKING CLOSELY WITH CALTRANS, CALTRANS  
21      PROJECTS IN NATURE ARE DIFFERENT THAN COUNTIES  
22      AND  
23      CITIES.  SO THEY HAVE -- THEIR OBJECTIVES USUALLY  
24      ARE DIFFERENT.

25             AS I UNDERSTAND, MR. WINTERS  
26      MENTIONED, CALTRANS IS STILL SUPPORTIVE OF

ASPHALT

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1 RUBBER. HOWEVER, THEY HAD COUPLE OF PROBLEMS FOR  
2 LAST TWO YEARS, AND THEY ARE TRYING TO ANALYZE  
3 WHAT WENT WRONG WITH SOME OF THE PROJECTS IN  
PAST.

4 BUT AS FAR AS CALTRANS CONCERNED, CALTRANS IS  
5 PURSUING ASPHALT RUBBER.

6 MEMBER PENNINGTON: THANK YOU.

7 CHAIRMAN RELIS: ANY OTHER QUESTIONS?

8 OKAY. NEXT IS DENNIS ROGERS, CITY OF L.A. BUREAU  
9 OF STREET MAINTENANCE.

10 BY THE WAY, WE'RE INTENDING TO TAKE  
11 A HALF-HOUR LUNCH BREAK AT 12:30. WE WANT TO  
KEEP

12 THINGS MOVING AND GET THROUGH THE BUSINESS IN A  
13 TIMELY WAY.

14 MR. ROGERS: GOOD MORNING. THANK YOU  
FOR

15 HAVING ME HERE. ONE OF THE GENTLEMEN EARLIER HAD  
16 MENTIONED THAT HE COULDN'T UNDERSTAND WHY MORE  
17 STATES WEREN'T USING ASPHALT RUBBER. AND  
ACTUALLY

18 HIS STATEMENT WAS HE'S PERPLEXED BY OTHER STATES'  
19 FAILURE TO FOLLOW IN USAGE.

20 AND PART OF THE OTHER REASON IS  
21 BECAUSE A LOT OF OTHER STATES QUESTION THE

22 RESULTS. THEY QUESTION THE PROJECTS. ONE OF THE  
23 LARGEST IMPEDIMENTS TO PEOPLE GETTING INTO USING  
A  
24 NEW PRODUCT IS SEEING FAILURES. IT'S NOT SO MUCH  
25 THAT THERE ARE PEOPLE THAT CAN COME HERE AND TELL



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1       YOU ABOUT THE GREAT SUCCESSES THEY'VE HAD AS THE  
2       PEOPLE THAT TALK WITHIN THE INDUSTRY ABOUT THE  
3       TERRIBLE FAILURES THEY'VE SEEN.  AND THAT SCARES  
4       OFF THE USAGE MORE THAN ANY SUCCESSES MIGHT BRING  
5       ADDITIONAL USERS.

6                       BECAUSE OF THIS, THE CITY OF LOS  
7       ANGELES IS MORE CONSERVATIVE IN APPROACHING NEW  
8       ASPHALT TECHNOLOGIES.  AND WE -- WHEN WE GOT INTO  
9       NEW USE OF ASPHALT RUBBER, IT PUSHED THE TESTING  
10      SIDE, DAILY TESTING OF PRODUCTS THAT WE'VE MADE.  
11      AS A MATTER OF FACT, THE STATE WAS KIND ENOUGH TO  
12      GIVE US A GRANT A YEAR AGO WHERE WE TOOK A ROAD  
13      WHICH HAD BEEN MADE WITH ASPHALT RUBBER AND WE  
14      RECYCLED THE WHOLE ROAD, 100 PERCENT RECYCLED  
15      ASPHALT FROM A ROAD MADE WITH ASPHALT RUBBER.  THE  
16      FIRST TIME IT HAD BEEN DONE.

17                      AND WE TESTED, TESTED, TESTED.  AS  
18      WE CAME INTO RUBBERIZED SLURRY SEAL LAST YEAR, WE  
19      DID ROUGHLY FIVE MILES.  THIS YEAR WE WENT TO 45  
20      AND WE'RE ABOUT TO DO MORE.  WE'RE LOOKING AT  
21      DOING A HUNDRED MILES A YEAR OF RUBBERIZED SLURRY,  
22      BUT WE WERE ABLE TO DO THAT BECAUSE WE DIDN'T HAVE  
23      FAILURES.  WE WERE TESTING AS WE WENT.  WE WERE  
24      MAKING THE CONTRACTORS STICK TO THEIR STANDARDS.  
25                      AND WHEN YOU TAKE THAT APPROACH,



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1       OTHER PEOPLE SEE WHAT YOU'VE DONE, AND NOW THEY  
2       CAN RELY ON IT.  BECAUSE OF THAT, IT'S IMPORTANT  
3       THAT ANY PROJECTS, PERHAPS, THAT THE STATE  
4       SUPPORTS YOU REQUIRE THE TESTING BE DONE.  THAT  
5       WAS BASICALLY WHAT -- I KNEW WE ONLY HAD FIVE  
6       MINUTES, SO I'LL TRY AND GO FAIRLY QUICKLY.  THAT  
7       WAS BASICALLY WHAT I HAD COME UP HERE TO TALK  
8       ABOUT WAS THE IMPORTANCE OF TESTING.

9                       NOW, I CONTACTED STAFF OF ONE OF THE  
10       OFFICES AND TOLD THEM THAT WE WANTED TO TALK ABOUT  
11       WHY THE TESTING WAS IMPORTANT, WHY BRINGING NEW  
12       PEOPLE IN WOULD ONLY BE ACHIEVED IF THERE WAS  
13       STRICT TESTING REQUIREMENTS AND ADHERENCE TO THOSE  
14       STANDARDS.

15                      AND IT WAS MENTIONED THAT THE COUNTY  
16       HAD PUT IN A PROPOSAL TO DO A TESTING LAB, AND  
17       WE'RE VERY HAPPY TO SEE THAT.  THE CITY OF LOS  
18       ANGELES HAS ALREADY PURCHASED A LOT OF THE  
19       MACHINERY FOR THIS TYPE OF TESTING, KNOWN AS SUPER  
20       PAVE OR SHARP.  WE'VE ALREADY PURCHASED A LOT OF  
21       THE EQUIPMENT.  WE HAVE ALL THE PHASE I SHARP  
22       TESTING EQUIPMENT COMING IN.  AND BECAUSE OF THAT,  
23       WE THOUGHT WE MIGHT BE ABLE TO BE OF SOME  
24       ASSISTANCE IN THAT AREA BECAUSE WE DON'T HAVE A  
25       NEED TO COME TO YOU AND ASK YOU FOR MONEY TO GO



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1       OUT AND PURCHASE THE EQUIPMENT THAT WE'VE ALREADY  
2       PURCHASED. WE THOUGHT WE MIGHT BE ABLE TO ASSIST  
3       WITH COMING BACK TO YOU AT A LATER DATE AND TIME  
4       WITH SOME SORT OF PROPOSAL, PERHAPS IN JOINT WITH  
5       THE COUNTY, PERHAPS ON OUR OWN.

6                       WE HAVE JUST MADE SOME TENTATIVE  
7       CALLS TO CERTAIN REPRESENTATIVES FROM THE COUNTY,  
8       AND I'M NOT PREPARED AT THIS MOMENT IN TIME TO  
9       MAKE ANY COMMITMENTS IN THAT AREA. BUT WE KNOW  
10      THAT WE COULD COME IN, DO THIS TYPE OF TESTING.  
11      WE'RE A LEADER IN THE AREA OF TESTING. GENTLEMAN  
12      THAT'S WITH ME, RICARDO VILLAQUERTA IS FROM OUR  
13      MATERIALS TESTING LAB. WE DO THE TESTING FOR TWO  
14      INTERNATIONAL AIRPORTS. WE DO TESTING FROM OUR  
15      OWN ASPHALT PLANTS FROM VENDOR DELIVERED ASPHALT,  
16      AND WE FEEL WE'RE IN A POSITION, BECAUSE WE'VE  
17      ALREADY BEEN WORKING TOWARDS THE SHARP TESTING,  
18      THAT WE CAN PERHAPS EXPEDITE THE MOVEMENT TOWARDS  
19      THAT TYPE OF TESTING.

20                   CHAIRMAN RELIS: VERY GOOD. QUESTIONS?

21                   MEMBER PENNINGTON: YES. I GUESS I'M  
22      VERY CONFUSED ABOUT THIS RUBBERIZED ASPHALT.

IN

23      1972, WHEN I WORKED FOR THE RUBBER  
MANUFACTURERS

24       ASSOCIATION, THEY WERE TESTING RUBBERIZED  
ASPHALT  
25       IN PHOENIX AND IN MINNESOTA AND SOME OTHER  
STATES,

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1       AND THEY WERE HAVING GOOD RESULTS.   HERE WE ARE  
2       SOME 20 ODD YEARS LATER, WE'RE STILL TESTING.  
3       HAVE WE NOT LEARNED ANYTHING?   DO WE NOT KNOW  
4       ANYTHING?   WHERE ARE WE?

5               MR. ROGERS:   THAT'S A GOOD POINT, AND I'D  
6       LIKE TO CLARIFY WHY I SAY TESTING AS YOU'RE LAYING  
7       IT DOWN.   YOU COME UP WITH A SPECIFICATION FOR AN  
8       ASPHALT MIX AND YOU MIGHT HAVE A FINE STANDARD.  
9       BUT THE QUESTION BECOMES, AS THE CONTRACTOR STARTS  
10      MAKING THIS ASPHALT, HE MAY NOT MEET THAT STANDARD  
11      EVERY TIME.

12             AS A MATTER OF FACT, WHETHER IT'S  
13      RUBBERIZED ASPHALT OR NOT, WE TEST DAILY.   IT'S TO  
14      MAKE SURE THAT YOU'RE MEETING THAT STANDARD.   THE  
15      LESS YOU TEST, THE MORE LIKELY PEOPLE ARE TO  
16      PERHAPS DEVIATE FROM THE STANDARD.   SO TESTING  
17      NEVER STOPS.   THAT'S PART OF THE REASON FOR THE  
18      ONGOING TESTING.

19             ALSO, ASPHALT TECHNOLOGY HAS CHANGED  
20      WHERE THEY'RE MOVING TO THE SUPER PAVE, DIFFERENT  
21      TYPES OF TESTINGS TO ASSURE DIFFERENT QUALITIES.

22             CHAIRMAN RELIS:   WELL, IT DOES RAISE A  
23      QUESTION BECAUSE WE HEAR -- I WAS DOWN, MS. GOTCH,  
24      I DON'T KNOW IF OTHER BOARD MEMBERS HAVE BEEN DOWN  
25      TO THE L.A. COUNTY LAB, AND I THINK THE MOST





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1       NOTABLE THING THAT I REMEMBER FROM THE VISIT,  
2       OTHER THAN WATCHING THE PRODUCT BEING MADE, WAS  
3       THE FACT THAT THEY HAD INDICATED THEY HAD COMPLETE  
4       SUCCESS IN THEIR APPLICATION OF RUBBERIZED  
5       ASPHALT.

6                       AND THAT'S WHERE WE HEAR -- I MEAN  
7       THAT'S WHERE I THINK WE, AS BOARD MEMBERS,  
8       CONTINUE TO BE A BIT CONFOUNDED BECAUSE ON ONE  
9       HAND, HERE'S NOT A SMALL JURISDICTION WITH THE LAB  
10      CLAIMING FULL HUNDRED-PERCENT SUCCESS IN THEIR  
11      APPLICATIONS, AND THEN WE'RE HEARING SKEPTICISM  
12      THAT, WELL, WE NEED AN INTENSIVE BATTERY OF TESTS  
13      IN ORDER TO BE SURE THAT WE'RE DOING THIS RIGHT.  
14      AND IT'S HARD, AND YOU'RE RIGHT NEXT TO EACH  
15      OTHER. I MEAN YOU'RE IN -- L.A. CITY IS IN L.A.  
16      COUNTY. SO THERE'S TWO PROFOUNDLY DIFFERENT  
17      MESSAGES THERE.

18                   MR. ROGERS: WELL, CERTAINLY NOT SAYING  
19      ANYTHING ABOUT THE COUNTY'S PROJECTS. ONLY THEY  
20      CAN TELL YOU WHAT THEIR SUCCESS RATE IS. I MEAN  
21      WE DON'T TEST THEIR MATERIAL FOR THEM. THERE'S --

22                   CHAIRMAN RELIS: WELL, I GUESS WHAT I'D  
23      SAY IS, IN ESSENCE, ONE PARTY IS CLAIMING TESTING  
24      ISN'T THE ISSUE BECAUSE WE KNOW HOW TO DO IT, BUT  
25      IT APPEARS THAT OTHER JURISDICTIONS MAY HAVE



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1 DOUBTS, AND THEY MIGHT LEARN BY TECHNICAL  
2 ASSISTANCE, AND THE OTHERS WE'RE NOT SURE WE KNOW  
3 HOW TO DO IT, SO WE NEED TO TEST. AND YOU CAN SEE  
4 THE MAGNITUDE OF DIFFERENCE, AND WE'RE CONCERNED  
5 ABOUT USING UP AS MANY TIRES AS WE CAN IN THE  
6 PRODUCT.

7 MEMBER PENNINGTON: WE'RE CONCERNED ABOUT  
8 USING VALUABLE RESOURCES ON SOMETHING THAT ON ONE  
9 HAND LOOKS LIKE A VERY GOOD PRODUCT AND A  
10 PROMISING PRODUCT TO DEAL WITH AN ENVIRONMENTAL  
11 QUESTION, AND THEN ON THE OTHER HAND, WE'RE BEING  
12 TOLD, WELL, IT MAY OR MAY NOT BE OKAY. AND I  
13 THINK THAT'S WHERE WE'RE STRUGGLING WITH THIS  
14 BECAUSE, AS I SAY, I KNOW THAT IT'S BEEN GOING ON  
15 FOR BETTER THAN 20 YEARS. AND IS IT A QUESTION OF  
16 NOT KNOWING HOW TO DO IT? SHOULD WE BE ENCOURAG-  
17 ING GREATER EDUCATION ON HOW TO APPLY THE RUB-  
18 BERIZED ASPHALT? OR HAS 20 YEARS OF TESTING TOLD  
19 US THAT IT WILL NEVER BE WORKABLE?

20 MR. ROGERS: WE ARE CERTAINLY NOT HERE TO  
21 SAY THAT THE ASPHALT RUBBER IS NOT WORKABLE. AS A  
22 MATTER OF FACT, YOU HAVE IN YOUR HANDS THE RESULTS  
23 FROM THE PROJECT THAT WE DID WITH YOU, AND THE  
24 PRODUCT WORKED FINE. IT DID MEET SPECIFICATIONS,  
25 AND WE HAD A FINE ROAD FROM IT.



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1                   THE PURPOSE OF ONGOING TESTING IS TO  
2    ASSURE THAT YOU CONTINUE HAVING GOOD ROADS AND TO  
3    IMPROVE YOUR MIX DESIGNS AS YOU CAN.  THERE HAVE  
4    BEEN FAILURES, AND IT'S NOT UNKNOWN.  THE QUESTION  
5    IS WHY DO YOU HAVE THESE FAILURES AND HOW DO YOU  
6    AVOID THEM OCCURRING AGAIN?

7                   AND IF I COME TO YOU AND SAY THAT  
8    THIS ROAD WAS FINE AND DANDY, AND HERE'S HOW IT  
9    WAS FINE AND DANDY, THAT DOES NOT ANSWER THE  
10   QUESTION OF WHY THIS OTHER ROAD, WHICH HAD THE  
11   SAME REQUIREMENTS FOR ITS SPECIFICATIONS, DIDN'T  
12   WORK.  AND THAT REQUIRES TESTING TO FIND OUT WHY  
13   IT DIDN'T WORK MORE THAN PERHAPS WHY IN A PERFECT  
14   SITUATION IT DOES WORK.

15                  MEMBER PENNINGTON:  MAYBE THE QUESTION  
16   THAT SHOULD BE ASKED IS NONRUBBERIZED ASPHALT  
17   ROADS, DO THEY HAVE FAILURES?

18                  MR. ROGERS:  YES.

19                  MEMBER PENNINGTON:  HOW ABOUT CONCRETE  
20   HIGHWAYS?  DO THEY HAVE FAILURES?

21                  MR. ROGERS:  YES.

22                  MEMBER PENNINGTON:  IS IT ANY GREATER  
23   WITH RUBBERIZED ASPHALT THAN IT IS WITH NON-  
24   RUBBERIZED ASPHALT FAILURES?

25                  MR. ROGERS:  I'M GOING TO LET RICARDO,



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1       OUR STANDARDS PERSON, ANSWER THAT.

2               MR. VILLAQUERTA:  LET ME -- YOU SAID THAT  
3       FOR 20 YEARS WE HAVE BEEN USING RUBBERIZED  
4       CONCRETE, RIGHT?  WELL, I'M AMAZED THAT SO FAR WE  
5       DON'T HAVE A STANDARD SPECIFICATION AT ASTM FOR  
6       ASPHALT CONCRETE.  HOW COME IF WE HAVE BEEN USING  
7       THAT FOR 20 YEARS?

8               MEMBER PENNINGTON:  YOU ARE THE ENGINEER.  
9       I SHOULD ASK YOU WHY.

10              MR. VILLAQUERTA:  YES.  YOU KNOW, IT'S  
11       NOT THERE.  SO THE REASON THAT WE HAVE TO DO  
12       SOMETHING, A LOT OF PEOPLE, YOU KNOW, THEY MIGHT  
13       JUST DO A FEW TESTS AND THEY'RE PRETTY HAPPY WITH  
14       THAT, BUT LATER ON YOU WILL SEE SOME FAILURES IN  
15       THE FIELD.

16              RIGHT NOW WE ARE TRYING TO ESTABLISH  
17       A GOOD SYSTEM, GOOD PROTOCOLS.  ALSO, ASPHALT IS  
18       MOVING TO SHARP, SO IT'S HIGH TECHNOLOGY.  AND WE  
19       HAVE TO DO A LOT OF RESEARCH WITH THE RUBBERIZED  
20       ASPHALT CONCRETE.

21              I THINK THAT THE ASPHALT CONCRETE IS  
22       GOOD, BUT WHEN WE TEST, WHEN WE CONTROL IT.  AND  
23       IT'S A GOOD MIX, BUT IF IT'S NOT TESTED, YOU WILL  
24       HAVE A LOT OF PROBLEMS IN THE FIELD.  AND WE HAVE  
25       A LOT OF COMPLAINTS ABOUT IT.





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1                   SO IN THE CITY WE HAVE ALREADY  
2       PURCHASED THE SHARP EQUIPMENT, AND WE HAVE OUR OWN  
3       PLANT. WE HAVE OUR OWN LAB. WE HAVE OUR OWN  
4       CREWS THAT LAY DOWN THE ASPHALT CONCRETE. SO WE  
5       ARE COMPLETE, AND WE CAN REALLY DO A GOOD RESEARCH  
6       ABOUT IT.

7                   AND WE ARE MOVING TO USE MORE  
8       RUBBERIZED SLURRY SEAL AND CONCRETE, BUT WE ARE  
9       GOING IN VERY SOLID WAY. WE DON'T WANT TO BE  
10      GUESSING AND LAY IT DOWN AND SAY IT'S GOOD OR  
11      LOOKS GOOD. WE ARE TESTING AND WE'RE SURE ABOUT  
12      THAT.

13                  MEMBER PENNINGTON: WE CERTAINLY DON'T  
14      WANT YOU GUESSING EITHER, BUT WE'RE LOOKING FOR A  
15      SOLUTION. AND I GUESS I JUST HAVE TO COME BACK  
16      AND SAY, YOU KNOW, IT'S BEEN 20 ODD YEARS THAT I'M  
17      FAMILIAR WITH, AND YOU'D THINK WE WOULD BE GETTING  
18      SOME PROGRESS HERE.

19                  MR. VILLAQUERTA: OH, YES. WE'RE GETTING  
20      A LOT OF PROGRESS ON IT.

21                  MEMBER PENNINGTON: THANK YOU.

22                  CHAIRMAN RELIS: THANK YOU VERY MUCH.

23      MICHAEL HARRINGTON, BAS RECYCLING.

24                  MR. HARRINGTON: GOOD MORNING. I'M  
25      MICHAEL HARRINGTON FROM BAS RECYCLING. WE



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1        OPERATE, SINCE 1989, A WHOLE TIRE RECYCLING  
2        FACILITY IN SOUTHERN CALIFORNIA AND RECYCLE  
3        APPROXIMATELY TWO MILLION TIRES ANNUALLY INTO IN  
4        EXCESS OF 20 MILLION POUNDS OF CRUMB RUBBER.

5                    IN GOING BACK AND REALLY LOOKING AT  
6        THE ENABLING LEGISLATION, AB 1834, WHERE WE'RE  
7        LOOKING AT COMING UP WITH SOME OF THE FUNDING THAT  
8        WE'RE LOOKING FOR RECOMMENDATIONS ON HOW TO  
9        DISPERSE, THE ORIGINAL LEGISLATION LOOKED AT THREE  
10       AREAS: PERMITTING AND ENFORCEMENT, STOCK -- TIRE  
11       STOCKPILING, STABILIZATION AND REMEDIATION, AND  
12       MARKET DEVELOPMENT.

13                   I THINK THE STATE AGENCY WAS BETTER  
14       EQUIPPED FOR THE PERMITTING AND ENFORCEMENT AND  
15       HAVE DONE AN EXCELLENT JOB ALSO IN IDENTIFYING AND  
16       COMING UP WITH REMEDIATION PROPOSALS FOR STOCK-  
17       PILING. HOWEVER, IN MARKET DEVELOPMENT, IT'S BEEN  
18       KIND OF A LEARNING EXPERIENCE FOR, I BELIEVE, THIS  
19       AGENCY IN THAT WHEN WE TALK ABOUT MARKET  
20       DEVELOPMENT, WE'RE REALLY TALKING ABOUT HOW ARE WE  
21       GOING TO GET BUSINESS OR EXPAND BUSINESS USES.

22                   ONE OF THE THINGS THAT WE THINK IS  
23       ESSENTIAL, IF WE'RE TO CONTINUE TO SEE ADDITIONAL  
24       MARKETS FOR CRUMB RUBBER FROM WHOLE TIRE  
25       RECYCLING, IS A CONTINUATION AND POSSIBLY EVEN AN



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1       EXPANSION OF A GRANT PROGRAM AIMED TOWARD MARKET  
2       DEVELOPMENT.

3                   ALSO, THE LEGISLATION THAT WE'RE ALL  
4       HERE FOR ISN'T THE TIRE PERMITTING OR THE TIRE  
5       ENFORCEMENT ACT OR EVEN THE TIRE STABILIZATION  
6       ACT. IT'S THE TIRE RECYCLING ACT. AND THE  
7       LEGISLATURE, I THINK, WHEN THEY LOOKED AT THE  
8       SOLID WASTE PROBLEMS THAT ARE ENCOUNTERED FOR THE  
9       ECOLOGICAL DISPOSAL OF WASTE TIRES, RECOGNIZED  
10      THAT SOME TYPE OF RECYCLING ACTIVITY HAD TO BE THE  
11      OVERALL END ANSWER, NOT NECESSARILY THE FIRST  
12      ANSWER. AND I THINK THAT'S WHY THEY DIRECTED THE  
13      BOARD TO IMMEDIATELY COME UP WITH A PLAN FOR A  
14      NUMBER OF TIRES THAT COULD BE INCINERATED, THAT  
15      TYPE OF THING.

16                   AND NOT I'M SAYING THAT WE SHOULDN'T  
17      STILL LOOK AT THAT AS A VIABLE SOLUTION, ONE OF  
18      THE VIABLE SOLUTIONS TO THE WASTE TIRE PROBLEM.  
19      BUT IF WE'RE GOING TO CONTINUE IN OUR EXPANSION OF  
20      TIRE RECYCLING AS AN END MEANS OF ACHIEVING A  
21      SOLUTION TO THE WASTE TIRE PROBLEM, THEN I THINK  
22      THE GRANT PROGRAM, TO HELP AND ENCOURAGE  
23      BUSINESSES TO LOOK TO CRUMB RUBBER AND LOOK AT  
24      CRUMB RUBBER, NOT ONLY IN RUBBERIZED ASPHALT  
25      CONCRETE, BUT IN MOLDED RUBBER PRODUCTS AND IN



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1       OTHER AREAS WHERE IT CAN BE INCORPORATED, I THINK  
2       A GRANT PROGRAM IS REALLY ESSENTIAL.

3                   THANK YOU VERY MUCH FOR YOUR TIME.

4                   MEMBER PENNINGTON: I GUESS THE PROBLEM I  
5       HAVE WITH GRANT PROGRAMS IS THAT, IN ESSENCE, THEY  
6       REALLY BECOME SUBSIDIES, THAT INDUSTRY MAY NEED A  
7       KICK START. AND I THINK THAT THAT IS AN  
8       APPROPRIATE ROLE FOR GOVERNMENT. BUT WHEN IT  
9       BECOMES YEAR AFTER YEAR AFTER YEAR AFTER YEAR,  
10      THEN YOU DON'T HAVE -- EITHER YOU DON'T HAVE A  
11      VIABLE PRODUCT, OR IT'S NOT BEING MARKETED  
12      PROPERLY, AND SO THERE IT'S A SUBSIDY. AND I  
13      DON'T THINK THAT WE ACCOMPLISH ANYTHING UNLESS WE  
14      JUST SIMPLY DECIDE THAT THAT'S WHAT WE'RE GOING TO  
15      DO IS SUBSIDIZE CERTAIN BUSINESSES.

16                  MR. HARRINGTON: I THINK YOUR CONCERNS  
17      ARE WELL TAKEN. I'M NOT SO SURE THAT THE CURRENT  
18      GRANT PROGRAM IS NECESSARILY THE GRANT PROGRAM  
19      THAT YOU WANT TO SEE IN THE FUTURE. I KNOW IN OUR  
20      OWN CASE, WE HAVE NOW -- WE GOT A GRANT SEVERAL  
21      YEARS AGO FOR DEVELOPMENT OF A PLAYGROUND MAT THAT  
22      HAS -- MEETS ASTM IMPACT CERTIFICATION STANDARDS  
23      FROM A NINE-FOOT DROP HEIGHT AND IS REALLY -- WE  
24      MADE SEVERAL INSTALLATIONS IN THE STATE. AND OUR  
25      INITIAL --





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1                   I GUESS THE THING THAT REALLY GOT US  
2       INITIALLY INTERESTED IN GOING INTO THIS WAS THE  
3       ORIGINAL GRANT FUNDING AVAILABLE FROM THE STATE.  
4       HOWEVER, WE PROBABLY SPENT THREE TIMES THE AMOUNT  
5       OF THE ORIGINAL GRANT MONEY AND ESTABLISHED AN  
6       ONGOING PRODUCT AND BUSINESS. THAT, I THINK,  
7       REALLY IS SOMETHING THAT THE BOARD SHOULD BE PROUD  
8       OF. THAT'S A WHOLE MARKETING AREA FOR US AND  
9       SOMETHING THAT WE THINK IS GOING TO BE VERY VIABLE  
10      IN THE FUTURE.

11                  WE WOULD LIKE THE BOARD NOT TO  
12      SUBSIDIZE ONGOING A PARTICULAR BUSINESS OR  
13      BUSINESSES, BUT I THINK IT WOULD BE A VERY PRUDENT  
14      ALLOCATION OF FUNDS TO POSSIBLY START UP A COST  
15      FOR NEW AND INNOVATIVE IDEAS THAT HAVE A  
16      LEGITIMATE POTENTIAL TO AUGMENT THE CURRENT  
17      RECYCLING -- NUMBER OF TIRES THAT ARE BEING  
18      RECYCLED IN THE STATE.

19                  MEMBER PENNINGTON: WHAT ABOUT LOW COST  
20      LOANS? I KNOW A GRANT IS ALWAYS BETTER THAN A  
21      LOAN.

22                  MR. HARRINGTON: AS YOUR CURRENT LOAN  
23      PROGRAM, AS I UNDERSTAND IT, I DON'T THINK IT'S  
24      TERRIBLY VIABLE TO NEW BUSINESSES OR NEW PRODUCTS.  
25      I MEAN FROM -- AS I UNDERSTAND IT, WITH THE



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1        REQUIREMENT YOU'RE LOOKING FOR, YOU'RE REALLY IN  
2        COMPETITION WITH EXISTING BANKS. IF YOU ARE NOT A  
3        BANKABLE LOAN, I DON'T THINK THE CURRENT LOAN  
4        PROGRAM BASICALLY IS GOING TO WANT TO TALK TO YOU  
5        ANYWAY.

6                    I'D LIKE TO SEE MAYBE A DIFFERENT  
7        DIRECTION IN THAT, MAYBE WHERE THE BOARD ISN'T  
8        IN -- YOU ARE NOT IN THE BANKING BUSINESS, BUT  
9        YOU'RE IN THE INTEREST RATE REDUCTION BUSINESS,  
10       WORKING WITH BANKS ON NEW LOANS OR NEW LOAN  
11       APPLICATIONS IN SPECIFIC INDUSTRIES. GET OUT AND  
12       LET THOSE BANKS KNOW WHAT SPECIFIC INDUSTRIES  
13       MAYBE THEY WOULD WANT TO HAVE A BUSINESS APPLY FOR  
14       SOME SPECIAL ASSISTANCE AND INTEREST RATE.

15                   THIS WOULD MAKE A BETTER LOAN FOR  
16       THE COMMERCIAL LOAN, A MORE BANKABLE LOAN FOR THE  
17       COMMERCIAL BANK, AND PROBABLY ATTRACT THE TYPE OF  
18       BUSINESS THAT REALLY YOU'RE LOOKING FOR MAYBE IN A  
19       MRF OR IN YOUR ZONE PROGRAM. THAT'S ANOTHER AREA  
20       THAT I THINK POSSIBLY A LITTLE REFINEMENT MIGHT BE  
21       A GOOD WAY TO GO.

22                   MEMBER PENNINGTON: OKAY. BUT THE GRANT  
23       THAT WE GAVE YOU TO DEVELOP THE PLAYGROUND MATS  
24       WAS A SUCCESSFUL GRANT, DO YOU BELIEVE?

25                   MR. HARRINGTON: YES. AS A MATTER OF



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1       FACT, I'LL MAIL YOU ONE OF OUR NEW BROCHURES THAT  
2       SHOWS ONE OF SEVERAL INSTALLATIONS WE'VE ALREADY  
3       MADE.  AND WE'RE NOW TALKING ABOUT -- WITH SOME  
4       PLAYGROUND EQUIPMENT MANUFACTURERS TO ACTUALLY  
5       TAKE THIS ON A NATIONAL DISTRIBUTION NETWORK,  
6       USING THEIR DISTRIBUTION NETWORK.

7               MEMBER PENNINGTON:  SO IT'S NOW A  
8       VIABLE -- ECONOMICALLY VIABLE PRODUCT.

9               MR. HARRINGTON:  WE HAVE SEVERAL  
10       EMPLOYEES MOLDING ON A FIVE-DAY-A-WEEK BASIS OF  
11       TWO DIFFERENT TYPES.  LIKE -- I'LL SEND YOU THE  
12       BROCHURE AND WE'LL LOOK FOR YOU TO --

13              CHAIRMAN RELIS:  WE'LL LOOK FORWARD TO  
14       GETTING THE DETAILS.

15              MR. HARRINGTON:  -- TO MAKE AN  
16       INSTALLATION SOMEPLACE CLOSE.

17              MEMBER PENNINGTON:  GREAT.  THANK YOU.

18              CHAIRMAN RELIS:  OKAY.  SAM BARBER WITH  
19       POSDEF POWER.

20              MR. BARBER:  I APPRECIATE JUST THE  
21       OPPORTUNITY TO ADDRESS YOU FOR A FEW MINUTES.  
22       I'LL BE VERY BRIEF.  I REPRESENT A GROUP OF  
23       COAL-FIRED GENERATING PLANTS IN CALIFORNIA.  AND  
24       AS FAR AS THE TECHNICAL ASPECTS OF US BEING  
25       COAL-FIRED, COAL AND TIRES, IT IS TECHNICALLY



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1       FEASIBLE. IT HAS BEEN DONE IN MANY AREAS IN THE  
2       WORLD. THE CHEMISTRY OF COAL AND TIRES IS VERY  
3       SIMILAR. SO THE TECHNICAL SIDE REALLY ISN'T ANY  
4       PROBLEM TO US.

5                   THE AREAS WHICH WE WOULD BE LOOKING  
6       TO YOU FOR SOME HELP, GUIDANCE, AND MAYBE SOME  
7       ASSISTANCE IS, OF COURSE, IN THE AREAS OF PUBLIC  
8       PERCEPTION, EDUCATION. PEOPLE -- SEEMS TO BE SOME  
9       RESISTANCE TO THIS, WHICH WE DON'T UNDERSTAND AT  
10      THE MOMENT. AND, OF COURSE, IN THE AREAS OF AIR  
11      PERMITTING ISSUES, WHICH, AS YOU ARE WELL AWARE  
12      OF, THE PLANTS WHICH RUN IN CALIFORNIA ARE BETWEEN  
13      20 AND 200 TIMES CLEANER THAN ANY COAL-FIRED  
14      PLANTS AROUND THE WORLD. AND AS SUCH, WE ARE  
15      LOOKED AT VERY CAREFULLY IN THE AIR PERMITTING  
16      ISSUES.

17                   THIS IS AN ISSUE WHICH IS VERY  
18      IMPORTANT TO US TO MAINTAIN OUR AIR PERMITS AND  
19      THE AIR QUALITY. THE ONE THING THAT WE WOULD ASK  
20      IS PROBABLY -- I UNDERSTAND EVERYBODY IS ASKING  
21      FOR MONEY. ONE OF THE SITUATIONS IN THIS, BECAUSE  
22      OF THE AIR PERMITTING SITUATION, IT OFTEN TAKES  
23      SIX MONTHS TO A YEAR TO PUT INTO PLACE. WE'RE  
24      LOOKING AT SOME GRANT MONEY CERTAINLY, MAYBE SOME  
25      HELP IN THE FUTURE, MAYBE NEXT YEAR AS WELL, TO





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1       HELP US WITH THESE ISSUES.   CERTAINLY BE  
2       APPRECIATED.

3                       OTHER THAN THIS, THE OTHER IMPACT,  
4       OF COURSE, IS ON OUR ASH.   AND I THINK YOU'RE VERY  
5       FAMILIAR WITH THE ASH ISSUES AT THE MOMENT.   WE'VE  
6       TALKED ABOUT THEM ENOUGH.   SOME HELP MAYBE LOOKING  
7       AT ASH ISSUES TO ENSURE THAT THE ASH DOESN'T  
8       BECOME A PROBLEM.   WE DON'T FEEL IT IS.   AND MOST  
9       OF THE AREAS THAT WE'RE LOOKING AT PRODUCTS, WE  
10      FEEL THAT THE ASH CAN BE HANDLED -- THE TIRE ASH  
11      CAN BE HANDLED QUITE COMFORTABLY.

12                   CHAIRMAN RELIS:   SO YOU WOULD BE  
13      PRIMARILY LOOKING FOR MONEY TO ASSIST WITH THE AIR  
14      QUALITY?

15                   MR. BARBER:   WITH THE TECHNICAL ISSUES,  
16      THE STUDIES, YES, AND THINGS LIKE THIS, AND TO A  
17      CERTAIN EXTENT ALSO HELPING WITH ISSUES OF PUBLIC  
18      PERCEPTION, EDUCATION, AND THINGS LIKE THAT WHERE  
19      PEOPLE HAVE SOME CONCERNS ABOUT THESE ISSUES.

20                   CHAIRMAN RELIS:   OKAY.

21                   MR. BARBER:   WE AS A COALITION WOULD  
22      CERTAINLY BE INTERESTED IN MEETING WITH YOU IN THE  
23      FUTURE TO DISCUSS THIS OPPORTUNITIES.   AND WE HAVE  
24      GOT SOME BASIC NUMBERS AND ANYTHING, YOU KNOW, --  
25      AT A MINIMUM WE'RE LOOKING AT FIVE TO SIX MILLION



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1        TIRES A YEAR. WE TEND TO THINK TONS, NOT NUMBERS  
2        OF TIRES. SO -- BUT WE THINK WE COULD BE A  
3        SIGNIFICANT CONTRIBUTOR TO THIS.

4                    AND AS BEEN MENTIONED, OF COURSE,  
5        THE FACT THAT TIRES ARE OLD DOESN'T REALLY IMPACT  
6        US TOO MUCH OTHER THAN THE FACT, OF COURSE, THE  
7        COST OF RECLAIMING THEM. MY MIND, SENSE OF HUMOR,  
8        AS A JOB TO ASK PEOPLE TO WORK IN A PLACE THAT'S A  
9        DEMONSTRATED RATTLESNAKE AND MOSQUITO BREEDING  
10       GROUND PROBABLY WOULDN'T HAVE TOO MANY PEOPLE  
11       VOLUNTEERING. SO THERE ARE SOME PROBLEMS IN  
12       RECOVERING THESE TIRES WHICH HAVE TO BE DEALT  
13       WITH.

14                   CHAIRMAN RELIS: THANK YOU. QUESTIONS?

15                   MEMBER GOTCH: DO WE HAVE -- DO YOU HAVE  
16       COMPLETED TESTS ON AIR EMISSIONS WITH RESULTS?

17                   MR. BARBER: NOT UNDER CALIFORNIA AIR  
18       EMISSIONS, NO. WE DON'T, NO.

19                   MEMBER GOTCH: THANK YOU.

20                   MEMBER PENNINGTON: ARE THE BURNERS  
21       INTERCHANGEABLE? CAN YOU BURN TIRES ONE DAY  
22       AND

22       COAL THE NEXT?

23                   MR. BARBER: OH, YES. AS FAR AS --  
24       TECHNICALLY UP TO ABOUT A 30-PERCENT MIX OF

COAL  
25  
MIX

AND TIRES, EVEN PETROLEUM, COAL, TIRES, OR ANY

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1       OF FUELS, YES.   ABOVE THAT, THEN THERE WOULD BE  
2       SOME SIGNIFICANT CHANGES NEED TO BE MADE TO  
3       CONTROL SYSTEMS, NOT TO THE BOILERS, BUT THE  
4       CONTROL SYSTEMS TO HANDLE THE DIFFERENT RATIOS AND  
5       TEMPERATURES AND AIR FLOWS, ETC.   THOSE ARE JUST  
6       TECHNICAL PROBLEMS.

7               CHAIRMAN RELIS:   THANK YOU.   OKAY.   JOHN  
8       LORMON, REPRESENTING PETER DILLINGHAM.

9               MR. LORMON:   MORNING, MR. CHAIR, LADIES  
10       AND GENTLEMEN OF THE BOARD.   THANK YOU FOR THE  
11       OPPORTUNITY TO APPEAR AGAIN.

12               I'M SPEAKING SPECIFICALLY TO THE  
13       SINGLE POLICY THAT EXISTS IN THE AGENDA TODAY.  
14       THAT'S CONSIDERATION BY THE BOARD TO ADOPT A  
15       POLICY OF REIMBURSEMENT TO LANDOWNERS WHO I WOULD  
16       REFER TO AS INNOCENT LANDOWNERS WHO HAVE INCURRED  
17       COSTS OF CLEANING UP A SITE, BUT HAVE NOT BEEN THE  
18       CAUSE OF THE CONTAMINATION OR THE PROBLEM AT THE  
19       SITE.

20               AND LOOKING AT WHAT THE STAFF HAS  
21       PROPOSED, THEY IDENTIFIED THAT THE POLICY SHOULD  
22       APPLY WHERE THERE HAS BEEN A CLEANUP THAT HAS  
23       AVOIDED OR PRECLUDED A RISK OF A SIGNIFICANT  
24       HEALTH, SAFETY, AND ENVIRONMENTAL PROBLEM, AND  
25       THAT THE LANDOWNER DID NOT CAUSE OR CONTRIBUTE  
IN



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1 ANY WAY TO THAT WASTE TIRE PILE BEING PRESENT;  
2 AND, FURTHERMORE, THAT DID NOTHING TO MAKE IT  
3 WORSE SO HAD DONE NOTHING TO BE PRECLUDED, THAT  
4 THERE IS NO DIRECT OR INDIRECT CONTRACTUAL  
5 RELATIONSHIP.

6 IN SOME CASES YOU HAVE HAD CASES  
7 BEFORE THE ALJ WHERE PEOPLE HAVE HAD LANDLORD/  
8 TENANT RELATIONSHIPS, AND THEY REAP THE BENEFIT OF  
9 THAT ECONOMIC RELATIONSHIP, AND THEN THEY WANT THE  
10 STATE TO BAIL THEM OUT WHEN THERE'S A RESIDUAL  
11 FROM THAT ECONOMIC BENEFIT WITHOUT EVER SHARING  
12 WITH THE STATE THE BENEFIT OF THE RENTAL PAYMENTS  
13 OR THE LEASE PAYMENTS.

14 THE OTHER THING IS THAT THE TIRES  
15 WERE NOT PRESENT AT THE TIME THE PROPERTY WAS  
16 PURCHASED. I THINK THAT'S IMPORTANT BECAUSE IN  
17 MANY INSTANCES, AGAIN, THERE ARE CASES THAT THIS  
18 BOARD HAS WHERE PEOPLE HAVE PURCHASED PROPERTY  
19 KNOWING THAT THE TIRES WERE PRESENT ON THE  
20 PROPERTY AT THE TIME OF THE PURCHASE. THEY EITHER  
21 DID IT BECAUSE THEY SAW A BUSINESS VENTURE  
22 OPPORTUNITY OR THEY DID IT BECAUSE THEY WERE ABLE  
23 TO GET A FIRE SALE-TYPE PRICE ON THE PROPERTY.  
24 THEY WANT THE STATE TO HELP THEM PAY FOR THAT  
25 CLEANUP AND THEN THEY REALIZE MARKET VALUE FOR





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1        THAT PROPERTY.    AND THAT'S NOT THE CASE THAT  
THIS

2        POLICY IS TALKING ABOUT.    THAT WOULD BE  
3        INAPPROPRIATE.

4                        FURTHERMORE, THE BURDEN WOULD BE  
ON

5        THE INNOCENT LANDOWNER, HIM OR HERSELF, TO  
6        ESTABLISH THEIR INNOCENCE AS TRULY THAT AND  
HAD

7        THEY HAD PRIOR KNOWLEDGE, THEN THEY COULD NOT  
TAKE

8        ADVANTAGE OF THAT.

9                        I DON'T THINK THE BOARD SHOULD  
OR

10       WOULD WAIVE ANY OF ITS ENFORCEMENT RIGHTS  
AGAINST

11       ANY PARTIES.    AND FURTHERMORE, I THINK THAT  
THIS

12       CONCEPT THAT I'M TALKING ABOUT OR THIS POLICY  
13       PROPOSES IS ONE THAT ALREADY HAS BEEN EMPLOYED  
BY

14       OTHER BOARDS.    THE U.S. EPA HAS THE POLICY,  
BOTH

15       BY STATUTE IN TERMS OF THE INNOCENT LANDOWNER  
16       PROVISION OF THE SUPERFUND LAW, AND IN 1995,

JUST

17        LAST YEAR, U.S. EPA ADOPTED A POLICY NOT TO  
HOLD

18        PROPERTY OWNERS WHO ARE INNOCENT LIABLE FOR  
19        GROUNDWATER THAT WAS CONTAMINATED UNDER THEIR  
SITE

20        IF THEY DID NOT CAUSE IT.    SO THERE'S A  
PRECEDENT

21        FOR THIS.    THIS STATE, CALIFORNIA, IN 1990 DID  
THE

22        SAME THING TO THE DEPARTMENT OF TOXIC  
SUBSTANCE

23        CONTROL.

24                            I WANT TO ADDRESS SOME ISSUES  
RAISED

25        BY STAFF QUICKLY IF I HAVE A FEW MORE MINUTES.

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1                   CHAIRMAN RELIS:   COUPLE MORE MINUTES.

2                   MR. LORMON:   STAFF SUGGESTED THAT THE  
3       STATE LAW DOES NOT CURRENTLY AUTHORIZE OR ALLOW --  
4       I GUESS WHAT IT WAS SAYING WAS THAT THE STATE LAW  
5       DOESN'T ADDRESS THE ISSUE OF WHETHER OR NOT THIS  
6       BOARD CAN OR CANNOT IMPLEMENT SUCH A POLICY.   I  
7       WOULD RESPECTFULLY DISAGREE.   I THINK THE BOARD  
8       NOT ONLY HAS THE AUTHORITY, I THINK WHEN IT LOOKS  
9       AT THE PURPOSE OF THE POLICY, IT VERY MUCH COULD  
10      AND SHOULD ADOPT THE POLICY.

11                  THERE IS NO PROHIBITION ON THE BOARD  
12      ADOPTING A POLICY, AND THAT'S CLEAR.   FURTHERMORE,  
13      I THINK THERE IS A RIGHT IN THE BROAD ENABLING  
14      LANGUAGE OF THIS BOARD'S AUTHORITY TO DO THAT.  
15      AND AGAIN, YOU CAN LOOK AT THE STATE AND FEDERAL  
16      POLICIES THAT HAVE BEEN ADOPTED.

17                  THAT STATEWIDE IMPLICATIONS ON THE  
18      FUND WOULD AFFECT OR DISPLACE OTHER PRIORITIES.  
19      AND THAT WAS A CONCERN RAISED BY THE STAFF.   I  
20      THINK THAT BEGS THE QUESTION.   IF INDEED THERE WAS  
21      A FUNDED CLEANUP, THEN THE PRIORITY WOULD HAVE  
22      BEEN, I GUESS, ADDRESSED, AND IT WOULDN'T DISPLACE  
23      THAT PRIORITY BECAUSE THE SIGNIFICANCE OF THAT  
24      CLEANUP WOULD HAVE TO HAVE BEEN ESTABLISHED IN  
25      ORDER TO QUALIFY -- I'M SORRY -- THE SIGNIFICANCE



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1 OF THE RISK ASSOCIATED WITH THAT CLEANUP WOULD BE  
2 A CONDITION OF THE REIMBURSEMENT OF THE POLICY.

3 SO IF YOU DIDN'T HAVE A SITE WITH  
4 SIGNIFICANT HEALTH, SAFETY, ENVIRONMENTAL RISK,  
IT

5 WOULDN'T QUALIFY. FURTHERMORE, THE STAFF DID AN  
6 EXCELLENT JOB IN DOING A STAFF REPORT FOR THE  
7 WORKSHOP ON SEPTEMBER 5. AND IN THAT WORKSHOP --  
8 I WON'T READ THE LANGUAGE, BUT ON PAGE 22 THEY  
9 TALK ABOUT IN THE PAST THE ENFORCEMENT POLICIES  
10 HAVE BEEN DIRECTED AT CAUSATION, AND THAT THAT  
HAS

11 PROVED VERY FUTILE, AND THAT THERE'S BEEN A WASTE  
12 OF A LOT OF MONEY, IT'S BEEN VERY EXPENSIVE IN  
13 TERMS OF PURSUING IT, BEEN TIME-CONSUMING, AND  
14 FRUITLESS. OFTEN THE PERPETRATOR OF LEAVING THE  
15 TIRES IS NOT AROUND ANY LONGER TO DEAL WITH THEM.  
16 AND IF THEIR FINANCES ARE LIMITED, SO IT

SUGGESTED

17 THAT THERE BE A CHANGE IN PHILOSOPHY OF THIS  
18 PROGRAM TO LOOK FIRST AT GETTING THE CLEANUP  
19 ACCOMPLISHED. AND I THINK THIS POLICY ENCOURAGES  
20 THAT CLEARLY. IT'S EXACTLY WHAT IT WOULD DO.

THE

21 LESSENING OF --

22 THE SECOND THING THAT THE STAFF  
23 RAISED --  
24 CHAIRMAN RELIS: WILL THIS BE THE FINAL  
25 WRAPUP?

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1                   MR. LORMON:   THERE ARE TWO MORE.   THERE  
2       WILL BE A LESSENING OF THE STATE'S ABILITY TO USE  
3       THE CURRENT ENFORCEMENT AND COST RECOVERY TOOLS.  
4       WELL, AGAIN, I THINK THAT BEGS THE QUESTION.  
5       THERE WOULDN'T NEED TO BE AN ENFORCEMENT BECAUSE  
6       THE SITE WOULD HAVE BEEN CLEANED UP.   THE COST  
7       RECOVERY TOOLS WOULD STILL BE AVAILABLE TO THE  
8       STATE, SHOULD THEY NEED THEM, TO GO AGAINST THE  
9       RESPONSIBLE PARTY.

10                   AGAIN, I THINK THE MONEY SAVED IN  
11       TERMS OF PURSUING THOSE PARTIES, THE EFFICIENCY OF  
12       GETTING THE SITE AND THE RISK ADDRESSED WITH EARLY  
13       ON MAKE THIS A VERY EFFECTIVE AND EFFICIENT  
14       PROGRAM.   I DON'T THINK THERE WOULD BE A LOT OF  
15       PLAYERS APPLYING FOR IT; BUT WHERE THERE ARE, THEY  
16       SHOULD BE REIMBURSED.

17                   THE DIFFICULTY TO PROVE WHO'S  
18       INNOCENT.   IT'S SUGGESTED IN THE POLICY  
19       DISCUSSION.   I THINK THEY SAID IF SOMEONE WAS  
20       FINANCIALLY UNABLE THAT -- TO FUND THE CLEANUP,  
21       THEY MIGHT TRY TO TAKE ADVANTAGE OF THIS POLICY.  
22       I DON'T SEE HOW THAT COULD BE BECAUSE YOU FIRST  
23       HAVE TO FUND THE CLEANUP IN ORDER TO GET  
24       REIMBURSED.   AND TO FUND THE CLEANUP, IF YOU  
DON'T

25        HAVE THE MONEY OR ARE FINANCIALLY UNABLE, THEN  
YOU



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1 ARE GOING TO HAVE TO GO OUT AND BORROW IT, WHICH  
2 IS RISKY BECAUSE YOU MIGHT NOT GET REIMBURSED.

3 AND THERE'S A COST OF MONEY. YOU  
4 DON'T KNOW WHEN YOU ARE GOING TO GET REIMBURSED  
5 EVEN IF YOU DO. IN THE CASE OF MR. DILLINGHAM,  
6 WHO I REPRESENT, HE HAS SPENT \$300,000. THAT'S  
AN

7 EXPENSIVE ITEM THAT'S SITTING OUT THERE WHETHER  
OR  
8 NOT HE GETS REIMBURSED. THE PERIOD OF TIME OVER  
9 WHICH THAT DECISION IS MADE IS GOING TO COST HIM  
10 MONEY EVEN IF HE DOES GET REIMBURSED. I GUESS  
11 FINALLY -- I GUESS THAT'S IT.

12 CHAIRMAN RELIS: QUESTIONS?

13 MEMBER PENNINGTON: NO, I DON'T THINK  
SO.

14 MR. LORMON: MAY I JUST --

15 CHAIRMAN RELIS: YOU HAVE A QUESTION OF  
16 YOURSELF?

17 MR. LORMON: I HAVE A QUESTION. SITTING  
18 ON A BOARD, I GET USED TO QUESTIONS. BUT THE  
19 DECISION ON THIS ISSUE, I HEARD WHAT WAS SAID AT  
20 THE BEGINNING ABOUT THE FUNDING AND THE  
21 AVAILABILITY OF MONEY IN THE FISCAL YEARS THAT  
ARE

22 COMING UP. IS THIS ONE THAT IS NEAR TERM,  
23 LONG-TERM? IS THAT SOMETHING THAT'S GOING TO BE  
24 DISCUSSED?  
25 CHAIRMAN RELIS: WELL, WE HAVE

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1        DELIBERATIONS STILL AFTER THIS TESTIMONY.  WE'RE  
2        GOING TO GO BACK AND HEAR MORE FROM STAFF, AND  
3        SOME OF US HAVE QUESTIONS IN THE REPORT, AND THEN  
4        WE'RE GOING TO TRY TO BRING SOME CLOSURE TO SOME  
5        OF THE ISSUES TODAY.

6                MR. LORMON:  GREAT.  SHOULD WE HANG  
7        AROUND TO HEAR THAT OR IS --

8                CHAIRMAN RELIS:  OF COURSE, IT'S UP TO  
9        YOU.  IF YOU HAVE AN INTEREST IN THE SUBJECT,  
10       YEAH.  YOU'RE HERE.

11               MR. LORMON:  THANK YOU.

12               CHAIRMAN RELIS:  I SUGGEST YOU STAY.  
13       OKAY.  THAT BRINGS US TO JOSEPH GRECO, MODESTO  
14       ENERGY LIMITED PARTNERSHIP, OTHERWISE KNOWN HERE  
15       AS MELP.

16               MR. GRECO:  BASICALLY, MR. CHAIRMAN,  
17       SINCE THE PROPOSALS THAT WILL BE PRESENTED LATER  
18       AFFECT THE ECONOMIC FUTURE OF MODESTO, I'D LIKE TO  
19       DEFER MY COMMENTS OR RESERVE COMMENTS FOR LATER.

20               CHAIRMAN RELIS:  WE HAVE NEXT HAZEL  
21       BLANKENSHIP, T.Y.R.E.S. INC.

22               MS. BLANKENSHIP:  THANK YOU.  MAYBE YOU  
23       CAN END WITH ME BECAUSE I'M NOT GOING TO ASK YOU  
24       FOR ANY MONEY OR ANYTHING.  HOPE THAT MAKES YOU  
25       HAPPY.  NO LOANS, GRANTS, ANYTHING ELSE.



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1 I WOULD JUST LIKE TO GO ON RECORD,  
2 I'D LIKE TO URGE THAT YOU CONTINUE YOUR POLICY  
3 THAT'S NOW IN PLACE WHEN TIRE PILES, ILLEGAL TIRE  
4 PILES, ARE CLEANED UP, THAT YOUR -- ONE OF YOUR  
5 CONCERNS CONTINUES TO BE THAT THERE BE AN END USE  
6 FOR THOSE TIRES.

7 I THINK PRETTY MUCH EVERYBODY HERE,  
8 AT LEAST THAT'S TESTIFIED TODAY, AGREES AND HAS  
9 STATED THAT 99 PERCENT OF THE ILLEGALLY STOCKPILED  
10 TIRES IN CALIFORNIA WILL NOT END UP AS CRUMB  
11 RUBBER OR AS RUBBERIZED ASPHALT OR ANYTHING ELSE.  
12 THEIR HIGHEST AND BEST END USE IS TIRE-DERIVED  
13 FUEL.

14 AND I WOULD LIKE TO JUST REMIND  
15 EVERYBODY OF MICHAEL BLUMENTHAL'S COMMENTS. IN  
16 FACT, I KNOW HE SAID IT THREE TIMES AT THE  
17 SEPTEMBER 5TH MEETING. AND AS THE SPOKESMAN FOR  
18 THE SCRAP TIRE MANAGEMENT COUNCIL, I THINK HIS  
19 POINT WAS VERY WELL TAKEN WHEN HE SAID TO YOU THE  
20 WORST USE OF THE TAXPAYERS' DOLLARS WHEN IT COMES  
21 TO CLEAN UP TIRES IS PAY -- HAVE THEM PICKED UP  
22 FROM ONE PLACE IN CALIFORNIA AND PUT SOMEPLACE  
23 ELSE IN CALIFORNIA UNLESS THEY'RE GOING TO BE USED  
24 FOR SOMETHING. IN OTHER WORDS, THEY'RE JUST TAKEN  
25 SOMEWHERE AND PUT IN A LANDFILL.



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1                   SO AGAIN, I WOULD JUST URGE THAT YOU  
2       WOULD CONTINUE THAT POLICY BECAUSE WE THINK IT IS  
3       THE BEST POLICY FOR CALIFORNIA WHEN IT COMES TO  
4       ADDRESSING CLEANING UP ALL THOSE TIRE PILES THAT  
5       ARE OUT THERE.   THANK YOU.

6                   CHAIRMAN RELIS:   THANK YOU.   OKAY.   AND  
7       THEN LAST, SHAYNE DEL COHEN.   YOU ASKED TO RESERVE  
8       THE OPPORTUNITY TO SPEAK, SO I TAKE IT YOU WANT TO  
9       SPEAK.

10                  MS. DEL COHEN:   THANK YOU.   SHOULDN'T  
11       OFFER A WOMAN A MIKE.   I REPRESENT RST  
12       MANUFACTURING, WHICH IS ONE OF THE SMALL COMPANIES  
13       THAT'S INTO DOING NEW PRODUCTS OUT OF RECYCLED  
14       RUBBER.   AND AS A RESULT OF AGGRESSIVE MARKETING,  
15       I GUESS, BY ONE OF YOUR RECYCLING ZONES, WE WILL  
16       BE LOCATING A SECOND PLANT IN CALIFORNIA.

17                  I JUST WANTED TO REINFORCE  
18       EVERYTHING THAT WAS SAID BY MR. WINTER, MR.  
19       MUMFORD, MR. HARRINGTON, AND MS. BLANKENSHIP IN  
20       TERMS OF THINGS THEY'VE ALREADY SAID.   I THINK THE  
21       BIGGEST CONCERN THAT I HAVE AS A NEW PRODUCT  
22       DEVELOPMENT PERSON IS THAT IF YOU ARE GOING TO  
23       PRIVATE SECTOR FOR FUNDING, IF YOU HAVE NEW  
24       PRODUCTS THAT ARE NOT PROVEN, YOU DO HAVE A  
25       TREMENDOUS PROBLEM OBTAINING FINANCING.





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1                   AND I THINK THAT IS SOMETHING THAT  
2       YOU REALLY NEED TO LOOK AT BECAUSE IF YOU WANT TO  
3       GO BEYOND THE EXPERIENCE OF RECYCLING THE TIRES  
4       DOWN TO CRUMB, YOU DO WANT AN END USE, AND YOU  
5       HAVE TO MAKE IT REASONABLE AND EFFICIENT FOR  
6       PEOPLE WHO ARE DEVELOPING NEW PRODUCTS TO BE ABLE  
7       TO GET INTO A MARKET SITUATION THAT COMPENSATES  
8       THEM FOR THEIR RISK, FOR THEIR YEARS OF RESEARCH,  
9       ETC.

10                   THAT'S JUST BASICALLY MY COMMENT.  
11       THE OTHER THING, OUR EXPERIENCE HAS BEEN IN TEXAS.  
12       AND I WOULD COMPLIMENT THE STAFF ON THEIR REPORT  
13       AND ALSO URGE YOU TO LOOK AT TEXAS' EXPERIENCE  
14       WHERE THEY HAVE -- CERTAIN SECTORS HAVE SORT OF  
15       CONTROLLED THE WHOLE POLICY AND NOW HAVE A LOT OF  
16       STOCKPILED RUBBER THAT THEY HAVE NO END USES FOR.  
17       THANK YOU VERY MUCH.

18                   CHAIRMAN RELIS: IS THERE ANYONE ELSE WHO  
19       WISHES TO SPEAK AT THIS TIME? THERE ISN'T. SO  
20       WHAT I SUGGEST WE DO, WE'LL ADJOURN FOR LUNCH FOR  
21       A HALF HOUR. I WOULD ASK THAT WHEN WE COME BACK,  
22       IF COMMITTEE MEMBERS HAVE SPECIFIC QUESTIONS  
23       RELATED TO THE REPORT, THEN WE ASK STAFF TO  
24       HIGHLIGHT THE POLICY ISSUES BEFORE US, AND THEN WE  
25       PROCEED TO ACTIONS. SO WE'LL ADJOURN FOR A --



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1 RECESS, RATHER, TILL 1 O'CLOCK.

2 (RECESS TAKEN.)

3 CHAIRMAN RELIS: WE'LL CALL BACK TO ORDER  
4 THE MEETING OF THE POLICY COMMITTEE. AND FIRST,  
5 ANY EX PARTES OR ANY INTERNAL BUSINESS?

6 MEMBER PENNINGTON: NO, I DON'T HAVE  
7 ANYTHING.

8 CHAIRMAN RELIS: OKAY. WHAT I'D LIKE TO  
9 DO AT THIS POINT AND REMIND THE AUDIENCE, ALSO, IF  
10 YOU'RE INTENDING TO SPEAK AT SOME POINT AGAIN OR  
11 FOR THE FIRST TIME, PLEASE BRING FORWARD A SLIP  
12 BEFORE YOU GO TO THE PODIUM. OKAY.

13 THERE WERE SOME QUESTIONS THAT I  
14 WOULD LIKE TO START OFF WITH WITH STAFF, AND I'D  
15 LIKE TO GO THROUGH THESE POINT BY POINT. I DON'T  
16 KNOW, MR. PENNINGTON AND MS. GOTCH, IS THAT OKAY?

17 MEMBER PENNINGTON: THAT'S FINE.

18 CHAIRMAN RELIS: OKAY. FIRST CONCERNS  
19 THE GENERAL BUSINESS OF THE ESTIMATES FROM  
20 CALTRANS AND LOCAL GOVERNMENTS REGARDING THE  
21 ACTUAL TIRE USE. AND THEN WE HEARD FROM L.A.  
22 COUNTY THAT MAYBE OUR FIGURES, THE TIRE  
23 EQUIVALENTS, WOULD BE LOW BY THEIR ESTIMATES. AND  
24 SO THIS IS IMPORTANT BECAUSE, IN WEIGHTING OUR  
25 DECISIONS TODAY, WE CERTAINLY ARE MINDFUL OF



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1 TRYING TO MAKE A MAJOR DENT IN THE TIRE PROBLEM.  
2 SO I'M LOOKING, I GUESS, FOR SOME RESPONSE FROM  
3 STAFF TO THE ISSUE OF QUANTIFICATION IN THE RAC  
4 AREA.

5 MS. TRGOVCICH: BOARD MEMBER RELIS AND  
6 MEMBERS. WHAT I'M GOING TO DO IS CALL UPON MARTHA  
7 GILDART TO RESPOND TO THIS QUESTION. I'D JUST  
8 LIKE TO POINT OUT FOR YOU THAT ON PAGE 8 OF THE  
9 ITEM ITSELF, STAFF INCLUDED INFORMATION,  
10 SPECIFICALLY VARIABLES, AROUND THE QUANTIFICATION  
11 OR METHOD TO CALCULATE THE AMOUNT OF TIRES USED IN  
12 RUBBERIZED ASPHALT CONCRETE. AND THE NUMBER OF  
13 VARIABLES THAT EXIST THERE TEND TO PROVIDE AN  
14 AWFUL LOT OF VARIATION IN THE OVERALL ESTIMATE OF  
15 TIRES, AND I'LL ASK MARTHA TO GO THROUGH THAT FOR  
16 YOU.

17 MS. GILDART: GOOD AFTERNOON. MARTHA  
18 GILDART WITH THE WASTE PREVENTION AND MARKET  
19 DEVELOPMENT DIVISION.

20 I THOUGHT, FIRST OF ALL, I'D TRY  
21 TO  
22 SET SOME PERSPECTIVE HERE AND ALSO BRAG A  
LITTLE  
23 BIT. I'M A QUARTER SCOTTISH AND I'M AN  
ENGINEER.

23        A GUY NAMED JOHN MCADAMS, A SCOTTISH ENGINEER  
BACK

24        IN THE 1820S, INVENTED MCADAM.    IT WAS THE

FIRST

25        USE OF GRADED AGGREGATE AND A TARLIKE BINDER  
FOR

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1 ROAD SURFACE. SO WE HAVE HAD OVER 150 YEARS OF  
2 EXPERIENCE USING ASPHALT PAVEMENTS, BUT THEY'RE  
3 STILL EXPERIMENTING WITH THEM, THEY'RE STILL  
4 TESTING THEM, THEY'RE WORKING WITH THEM, AND WE  
5 STILL HAVE FAILURES WITH THEM. SO IN PERSPECTIVE,  
6 25 YEARS OF THIS RUBBERIZED ASPHALT MAY NOT BE  
7 QUITE THAT HUGE AN AMOUNT OF TIME THAT WE SEEM TO  
8 THINK IT IS.

9 CALTRANS IS WHOM WE'VE BEEN WORKING  
10 WITH MOST CLOSELY. THEY HAVE PRETTY ACCURATE  
11 ESTIMATES THAT THEY PLACE ABOUT FIVE MILLION TONS  
12 OF ASPHALT PAVEMENT. THAT'S ALL KINDS, WHETHER  
13 ASPHALT, CONVENTIONAL, OR RUBBERIZED OR WHAT,  
14 ABOUT FIVE MILLION TONS A YEAR. AND IF THEY  
15 ASSUME -- THEY ESTIMATE THAT ABOUT 10 PERCENT OF  
16 THAT TURNS OUT AS RUBBERIZED ASPHALT, 500,000 TONS  
17 OF RUBBERIZED ASPHALT. LOCAL GOVERNMENTS, LOCAL  
18 DISTRICTS, WHAT HAVE YOU, LAY ANYWHERE FROM 15  
19 MILLION AND 45 MILLION TONS OF ASPHALT PAVEMENT A  
20 YEAR. IT CHANGES BASED ON WEATHER, BASED ON  
21 BUDGETS, BASED ON NEED.

22 CHAIRMAN RELIS: ARE YOU REFERRING TO IN  
23 CALIFORNIA?

24 MS. GILDART: IN CALIFORNIA. TONS OF  
25 ASPHALT PAVEMENT, NOT RUBBERIZED ASPHALT, JUST





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1 ASPHALT PAVEMENT. WE HAVE A FAIRLY BROAD SPAN.  
2 IT CAN BE BETWEEN 15 MILLION AND 45 MILLION, OVER  
3 THE LAST FEW YEARS, TONS OF ASPHALT PAVEMENT.

4 WE DON'T REALLY KNOW WHAT THE  
5 PERCENTAGE IS THAT THEY USE OF RUBBERIZED ASPHALT.  
6 IF WE FOLLOW THE CALTRANS ESTIMATE OF 10 PERCENT,  
7 THAT STILL GIVES YOU A RANGE OF ABOUT ONE AND A  
8 HALF MILLION TONS OF RUBBERIZED ASPHALT PAVEMENT  
9 TO FOUR AND A HALF MILLION TONS OF RUBBERIZED  
10 ASPHALT PAVEMENT.

11 AND THEN, EVEN WORKING WITH THIS  
12 RANGE JUST ON THE PAVEMENT, CALCULATING HOW  
13 MUCH -- HOW MANY TIRES WENT INTO THAT, IT'S ALSO  
14 ANOTHER RANGE. THE PERCENT OF TIRES IN THAT  
15 ASPHALT CHANGES DEPENDING UPON THE RECIPE OR THE  
16 MIX YOU'RE USING.

17 THERE'S A QUESTION ABOUT THE SOURCE  
18 OF THE TIRE RUBBER. ARE WE TALKING BUFFINGS OR  
19 WHOLE TIRE CRUMB? ON A NATIONAL BASIS, 75  
PERCENT

20 OF THE TIRE RUBBER USED IN RUBBERIZED ASPHALT IS  
21 FROM BUFFINGS. WE THINK IT'S A VERY IMPORTANT  
22 MATERIAL. WE WANT TO SUPPORT ITS USE; BUT WHEN  
WE  
23 TRACK THE 30 MILLION TIRES A YEAR GENERATED IN

24 CALIFORNIA, WE DON'T COUNT THE BUFFINGS. WE  
COUNT  
25 THE RETREADS. IF YOU COUNT THE BUFFINGS, THAT'S

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1 DOUBLE COUNTING.

2 SO WE WOULD BE LOOKING AT THE 25  
3 PERCENT OR SO OF THE TIRE RUBBER THAT COMES FROM  
4 THE CRUMBING WHOLE TIRES, SUCH AS THE BAS  
5 OPERATION.

6 WE HAVE LOS ANGELES COUNTY CLAIMING  
7 IN THEIR CALCULATIONS THAT THEY USE 3.7 MILLION  
8 TIRES A YEAR IN RUBBERIZED ASPHALT. WE WOULD BE  
9 ECSTATIC IF THAT IS THE CASE. WE WOULD LOVE TO  
10 SEE THE DOCUMENTATION AS HOW THEY CAME TO THAT  
11 NUMBER. I WOULD SUSPECT THAT A FAIR AMOUNT OF  
12 THAT MATERIAL IS FROM BUFFINGS. INDEED, IT MIGHT  
13 EVEN BE BUFFINGS OR CRUMB COMING FROM ARIZONA. WE  
14 KNOW THAT ARIZONA DOES EXPORT TIRE RUBBER INTO  
15 CALIFORNIA, AND WE DON'T TRACK THAT HERE AT THE  
16 BOARD.

17 WE HAVE RECENTLY RECEIVED A MEMO  
18 FROM L.A. COUNTY SAYING THAT THEY HAVE USED 1.8  
19 MILLION TIRES OVER THE LAST FIVE YEARS IN  
20 RUBBERIZED ASPHALT, AND I WOULD LIKE TO KNOW HOW  
21 THEY RECONCILE THAT 1.8 MILLION NUMBER WITH THE  
22 3.7 MILLION NUMBER.

23 CHAIRMAN RELIS: WELL, OKAY, A QUESTION  
24 HAS BEEN RAISED. WE HAVE PARTIES HERE THAT COULD  
25 PERHAPS RESPOND. AND I WONDERED IF, MR.



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1       LANCASTER, DO YOU WANT TO RESPOND ON BEHALF OF  
2       L.A. COUNTY? PLEASE COME FORWARD AND ENTER YOUR  
3       NAME AND TITLE AGAIN.

4               MR. LANCASTER: FRANK LANCASTER FROM LOS  
5       ANGELES COUNTY. OVER THE LAST FIVE YEARS, MOST OF  
6       THE USE OF THE ASPHALT RUBBER THAT WE HAVE REALLY  
7       DONE IS IN THE LAST TWO YEARS. IN 1991 WE ONLY  
8       PUT DOWN MAYBE FIVE PROJECTS. WE USED A VERY  
9       SMALL AMOUNT. THE FOLLOWING YEAR PROBABLY 10 TO  
10      15 PROJECTS. WE NOW HAVE 160 PROJECTS DOWN.

11              AND THE FIGURES THAT I GAVE WEREN'T  
12      ACTUALLY ACTUAL RUBBER USE NUMBERS. I DON'T HAVE  
13      THOSE FIGURES YET. I AM WORKING ON IT, BUT I  
14      REALLY DON'T HAVE THEM. I BASED THOSE NUMBERS  
15      BASED UPON BUDGET NUMBERS. WE REALLY KNOW THAT WE  
16      HAVE A \$265 MILLION BUDGET, AND OUR -- AND THE  
17      ASPHALT USE DOES VARY IN BETWEEN 30 AND REALLY \$80  
18      MILLION A YEAR. SO THAT FIGURE VARIES.

19              AND I BELIEVE LAST YEAR IT WAS  
20      FAIRLY LOW BECAUSE OF THE ADDED COST THAT WE HAD  
21      DUE TO THE DAMAGE FROM THE NORTHRIDGE EARTHQUAKE  
22      THAT REALLY TOOK A LOT OF OUR FUNDS TO REBUILD  
23      BRIDGE WORK AND THAT TYPE OF THING. SO LAST YEAR  
24      WE DIDN'T USE MUCH ASPHALT EITHER.

25              BUT WHEN I LOOK AT THE LAST TEN



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1 YEARS OF THE ASPHALT USE, WE HAVE AVERAGED  
2 APPROXIMATELY \$80 MILLION A YEAR FOR ASPHALT. SO  
3 THAT'S WHAT I USED FOR THESE FIGURES. SO THIS IS  
4 WHAT I REALLY FEEL THAT WE REALLY WILL USE IN THE  
5 COMING YEARS IS WE HAVE -- IS THAT WE REALLY  
6 SHOULD USE IN THE AREA OF 3.7 MILLION.

7 CHAIRMAN RELIS: NOW, PURSUING THIS  
8 FURTHER, MS. GILDART MADE A POINT THAT THERE'S THE  
9 BUFFINGS ISSUE, AND THERE'S THE IMPORT ISSUE. AND  
10 FOR THE BOARD, OBVIOUSLY, OUR INTEREST IS  
11 CALIFORNIA TIRES BECAUSE THAT'S OUR ASSIGNMENT  
12 HERE IS TO DEAL WITH THE CALIFORNIA TIRE PROBLEM.

13 AND IN YOUR ESTIMATES AND IN YOUR  
14 PROPOSAL, WHAT ASSURANCES WOULD BE GIVEN OR COULD  
15 BE ESTABLISHED THAT WOULD ADDRESS THE BUFFINGS AND  
16 THE -- SO WE'RE INTERESTED IN THE WHOLE TIRE, AND  
17 WE'RE INTERESTED IN ASSURANCES THAT IT NOT BE  
18 IMPORTED MATERIAL FOR PURPOSES OF OUR FUND.

19 MEMBER PENNINGTON: CORRECT.

20 MR. LANCASTER: OUR SPECIFICATIONS CALL  
21 FOR THE CRUMB RUBBER MADE FROM WHOLE TIRES FROM  
22 CALIFORNIA TIRES. HOWEVER, WE DON'T HAVE ENOUGH  
23 OF IT. IT ISN'T AVAILABLE. SO RATHER THAN TO  
24 SHUT DOWN RUBBER PROJECTS, WE'VE BEEN ALLOWING  
25 THEM TO IMPORT RUBBER, SO WE KIND OF REALLY LOOK





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1 THE OTHER WAY.

2 CHAIRMAN RELIS: SO YOU ARE SAYING THAT  
3 THERE IS INSUFFICIENT SUPPLY OF CRUMB RUBBER IN  
4 CALIFORNIA TO MEET YOUR NEEDS?

5 MR. LANCASTER: YES, UH-HUH. AND I KNOW  
6 THAT THERE ARE SEVERAL OTHER COMPANIES LOOKING AT  
7 BUILDING NEW CRUMB RUBBER PLANTS HERE, BUT THEY  
8 KEEP HOLDING OFF. I KNOW SEVERAL COMPANIES OWN  
9 LAND, AND THEY ARE READY TO BUILD PLANTS, BUT  
10 THEY'RE AFRAID THAT WE'RE GOING TO CHANGE OUR  
11 ASPHALT RUBBER SPEC. THEY THINK THINGS ARE STILL  
12 ARE UNSTABLE, AND THEY'RE NOT WILLING TO REALLY  
13 MAKE THAT INVESTMENT YET. I WOULD THINK THAT  
14 AFTER -- BASED UPON THE LAST FIVE YEARS' USE, THAT  
15 THEY WOULD BE LOOKING NOW MORE TOWARDS MAKING THE  
16 INVESTMENT TO MORE PLANTS.

17 CHAIRMAN RELIS: YOU ACTUALLY HAVE A  
18 SPECIFICATION -- IN YOUR BIDDING PROCESS YOU  
19 SPECIFY CALIFORNIA WHOLE TIRES?

20 MR. LANCASTER: YES.

21 CHAIRMAN RELIS: AND THEY HAVE -- WHOEVER  
22 RESPONDS HAS TO CERTIFY.

23 MR. LANCASTER: HAS TO CERTIFY TO THAT.  
24 HOWEVER, I HAVE REALLY TOLD THE RUBBER COMPANIES  
25 THAT THEY DON'T HAVE TO CERTIFY IT BECAUSE I KNOW



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1        THAT THEY REALLY CAN'T DO IT, AND WE NEED THE  
2        RUBBER, SO WE'RE LETTING THEM SUPPLY US TIRES FROM  
3        WHEREVER THEY GET THEM FOR CRUMB RUBBER. I KNOW  
4        THE MANUFACTURER OF OUR RUBBERIZED SLURRY SEAL  
5        LAST YEAR BOUGHT HIS TIRES FROM TEXAS BECAUSE HE  
6        COULDN'T GET RUBBER HERE.

7                MEMBER PENNINGTON: HOW MUCH IS BEING  
8        IMPORTED THEN?

9                MR. LANCASTER: I'M NOT SURE HOW MUCH IS  
10       REALLY BEING IMPORTED. I DON'T HAVE FIGURES ON  
11       THAT. IT'S PROBABLY LESS THAN REALLY 50 PERCENT,  
12       I REALLY GUESS. THE RUBBER MANUFACTURERS MIGHT  
13       REALLY HAVE A BETTER FIGURE FOR THAT.

14               CHAIRMAN RELIS: THANK YOU VERY MUCH.  
15       OKAY. I DON'T THINK WE CAN GO MUCH FURTHER TRYING  
16       TO -- DID YOU HAVE A POINT? IT'S SPECIFICALLY ON  
17       QUANTIFYING AND BUFFINGS?

18               MR. WINTERS: YES, INDEED. I THINK  
19       THE --

20               CHAIRMAN RELIS: AGAIN, FOR THE RECORD.

21               MR. WINTERS: BOB WINTERS, ATLOS RUBBER  
22       COMPANY AND RUBBER PAVEMENTS ASSOCIATION.  
23       INASMUCH AS WE USE BUFFINGS 100 PERCENT AS OUR  
24       FEEDSTOCK AND THAT IS AMONGST TIRE -- ALL SORTS OF  
25       SPORTS AND INDUSTRIAL SCRAP AS WELL. I THINK A



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1 POINT THAT NEEDS TO BE ESTABLISHED IS THAT  
2 ARGUABLY RETREADING IS THE HIGHEST END USE INSOFAR  
3 AS RECYCLING TIRES. I THINK MANY PEOPLE WOULD  
4 AGREE THAT --

5 CHAIRMAN RELIS: BUT WE'RE NOT ON  
6 RETREADING. WE'RE ON --

7 MR. WINTERS: BUT BASICALLY THE  
8 BY-PRODUCT OF RETREADING, WHICH ONCE WAS A WASTE  
9 PRODUCT, IS BUFFINGS. SO WE ARE HELPING THE  
10 RETREADING INDUSTRY'S ECONOMICS, AND THEY ARE  
11 DOING MORE AND MORE RETREADING, PRIMARILY OF TRUCK  
12 TIRES AND OFF-ROAD TIRES.

13 THE BUFFINGS THAT WE CREATE FROM  
14 SCRAP TIRES, SCRAP TRUCK TIRES, IN OUR FACTORY IS  
15 EQUAL TO THE AMOUNT WE PICK UP FROM THE RETREADERS  
16 NOW. AND THAT TIRE IS TOTALLY RECYCLED. A  
17 CALIFORNIA TRUCK TIRE IS TOTALLY RECYCLED. THE  
18 BALANCE OF THE CARCASS AFTER WE'RE THROUGH BUFFING  
19 OFF THE BULK OF THE RUBBER GOES OUT OF STATE TO BE  
20 MANUFACTURED INTO OTHER BY-PRODUCTS. I THINK THAT  
21 NEEDS TO BE MADE NOTE OF.

22 CHAIRMAN RELIS: THANK YOU. IS THIS --  
23 DR. TAKALLOU, IS THIS RELATED TO THE QUANTIFI-  
24 CATION?

25 DR. TAKALLOU: IT IS RELATED IN RESPONSE



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1 TO MS. GILDART ON THE CONSUMPTION OF ASPHALT IN  
2 SOUTHERN CALIFORNIA. THE 46 MILLION TONS OF  
3 ASPHALT, THE STATISTICS CAME FROM DOCUMENTATION  
4 FROM ASPHALT INSTITUTE, AND THAT'S AVERAGE OF  
5 THREE YEARS. THE ENTIRE STATISTICS WAS PROVIDED  
6 TO STAFF. THAT'S AVERAGE OF THREE YEARS, 46  
7 MILLION TONS OF ASPHALT IS BEING USED IN THE STATE  
8 OF CALIFORNIA.

9 CHAIRMAN RELIS: THAT'S -- THE ASPHALT  
10 INSTITUTE IS CALIFORNIA BASED OR NATIONAL?

11 DR. TAKALLOU: NO. IT'S A NATIONAL  
12 INSTITUTION, AND THE MEMBERS OF THIS INSTITUTION  
13 ARE ALL COMPANIES WHO ARE SELLING ASPHALT CEMENT  
14 IN THE STATE OF CALIFORNIA. AND THAT'S VERY  
15 ACCURATE, I THINK, STATISTICS BECAUSE THAT SHOWS  
16 HOW MUCH ASPHALT IS SOLD IN OUR STATE.

17 AND THE NUMBER COMING FROM CALTRANS,  
18 YOU KNOW, I TRY TO FIGURE IT OUT, WHICH DOESN'T  
19 ADD UP, BECAUSE FIVE MILLION TONS OF ASPHALT IS  
20 ABOUT \$150 MILLION WORTH OF ASPHALT. IF LOS  
21 ANGELES COUNTY, ONE COUNTY, IS SPENDING \$80  
22 MILLION ON THEIR ASPHALT, IT'S HARD TO BELIEVE  
23 ENTIRE STATE OF CALIFORNIA IS SPENDING \$150  
24 MILLION.

25 UNIDENTIFIED SPEAKER: EVER DRIVE ON THE





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1       ROADS?

2                   DR. TAKALLOU:   THAT'S -- I THINK THE  
3       NUMBER FIVE MILLION TONS OF ASPHALT LOOKS PRETTY  
4       LOW.   AND ALSO THE STATISTICS FROM ASPHALT  
5       INSTITUTE, I DON'T THINK THEY CAN BE THAT OFF IF  
6       IT SHOWS 46 MILLION TONS ANNUALLY.   THE SOURCE OF  
7       THE DATA WAS PROVIDED.

8                   CHAIRMAN RELIS:   THAT'S AN ANNUAL FIGURE?

9                   DR. TAKALLOU:   ANNUAL FIGURE.

10                  CHAIRMAN RELIS:   FOR MORE THAN ONE YEAR?

11                  DR. TAKALLOU:   FOR THREE YEARS.

12                  CHAIRMAN RELIS:   THREE YEARS.   AVERAGE --

13                  DR. TAKALLOU:   46 MILLION TONS.   AND  
14       THAT'S A BIG DIFFERENCE, 46 MILLION TONS VERSUS 20  
15       MILLION TONS.

16                  CHAIRMAN RELIS:   YOU HAVE ANYTHING TO ADD  
17       ON THIS?   WELL, WE'VE GOT SOME HANDS UP, BUT JUST  
18       WAIT A MINUTE.

19                  MS. GILDART:   I BELIEVE THE REPORT HE'S  
20       CITING IS A 1985 REPORT.   WE WERE CITING FIGURES  
21       WE GOT FROM CALTRANS WHICH SUPPOSEDLY REFLECT  
22       ACTIVITIES IN THE LAST FEW YEARS.   CALTRANS  
23       PARTICULARLY HAS CUT BACK ON LAYING ASPHALT  
24       PAVEMENT BECAUSE MORE OF THEIR BUDGET IS GOING TO  
25       RETROFITTING FOR EARTHQUAKE STANDARDS.   SO THEY



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1 ARE DOING ABOUT TWO MILLION TONS OF ASPHALT  
2 PAVEMENT LAST YEAR WHERE NORMALLY THEY WOULD HAVE  
3 DONE AROUND FIVE.

4 THAT'S WHY WE GIVE A RANGE FOR THE  
5 LOCAL USE OF ASPHALT FROM 15 MILLION TO 45 MILLION  
6 TONS. IT HAS BEEN HIGHER IN THE PAST. CALTRANS  
7 THINKS IT'S LOWER RECENTLY. WE'RE USING A RANGE  
8 TO TRY AND COVER BOTH ENDS.

9 CHAIRMAN RELIS: THERE ARE A COUPLE OF --  
10 YES. TERRY GRAY, TAG RESOURCE RECOVERY. YOU'RE  
11 ALSO CONSULTANT TO US, RIGHT?

12 MR. GRAY: YES, SIR.

13 CHAIRMAN RELIS: IN WHAT ROLE ARE YOU  
14 HERE AT THIS MOMENT?

15 MR. GRAY: AS AN INTERESTED PARTICIPANT.  
16 YOU WERE ASKING FOR CLARIFICATION.

17 MEMBER PENNINGTON: THAT MEANS YOU ARE  
18 NOT CHARGING US FOR THIS.

19 MR. GRAY: NOT FOR THIS FIVE MINUTES.

20 YOU ASKED FOR CLARIFICATION ON A  
21 COUPLE POINTS, AND I GUESS MY OBJECTIVE IS TO TRY  
22 TO CLARIFY A COUPLE POINTS QUICKLY.

23 ONE OF THEM IS TESTING FOR 25 YEARS,  
24 WHY ARE WE STILL TESTING? THE LAST COMPILATION I  
25 SAW SAID THAT 38 STATES HAVE CONDUCTED TESTING ON



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1 RUBBER MODIFIED ASPHALT OR RMA. SOME OF THESE  
2 TESTS HAVE BEEN SUCCESSFUL, SOME HAVEN'T. SOME OF  
3 THE FAILURES HAVE NOT BEEN DUE TO RUBBER MODIFIED  
4 ASPHALT ITSELF; THEY'VE BEEN DUE TO LEARNING HOW  
5 TO MODIFY MIXES, HOW IT CAN BE PUT DOWN. IT ISN'T  
6 IN SOME CASES AS TOLERANT OF MOISTURE CONDITIONS,  
7 SO SOME OF THE FAILURES AREN'T DUE TO THAT  
8 RUBBERIZED ASPHALT ITSELF. THEY'RE JUST DUE TO  
9 THE LEARNING EXPERIENCE.

10 BUT WE HAVE A NUMBER OF STATES THAT  
11 HAVE CHOSEN NOT TO CONTINUE BASED ON THEIR  
12 TESTING. MOST STATES THAT HAVE TESTED HAVE CHOSEN  
13 NOT TO CONTINUE AGGRESSIVELY USING. YOU HAVE  
14 EXCEPTIONS OF SOUTHERN CALIFORNIA, FLORIDA,  
15 ARIZONA THAT HAVE FAIRLY WIDESPREAD USE, BUT HERE  
16 CALIFORNIA CLEARLY IS ONE OF THE LEADERS IN TERMS  
17 OF RUBBER MODIFIED ASPHALT USE. YOU HAVE ANOTHER  
18 FIVE OR SIX STATES THAT ARE USING IT TO SOME  
19 DEGREE AND ARE STILL TRYING TO LEARN WHERE IT  
20 BELONGS AND WHERE IT DOESN'T, AND OTHERS AREN'T  
21 USING MUCH AT ALL.

22 SO FROM THAT STANDPOINT, THE  
23 EXPERIENCE BASE HAS NOT BEEN ALL POSITIVE, AND  
24 THAT EXPERIENCE BASE IS DICTATING WHERE STATES ARE  
25 USING IT.



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1                   FROM THE STANDPOINT OF THE FUTURE,  
2       YOU HAD SOME DISCUSSION OF LABS AND LAB NEEDING AN  
3       EDUCATION. THE FEDERAL GOVERNMENT IS CONDUCTING A  
4       COMPREHENSIVE STUDY NOW. IT'S ABOUT TWO YEARS  
5       INTO A FIVE-YEAR STUDY COMPILING ALL OF THIS  
6       HISTORICAL TRIAL DATA, LOOKING AT WHAT THEY CAN  
7       LEARN FROM IT POSITIVE AND NEGATIVE, AND THEN  
8       TRYING TO TAKE THAT INFORMATION AND COME UP WITH  
9       SPECIFICATIONS AND GUIDELINES FOR RMA USE. THAT  
10      STUDY IS BEING BASICALLY COORDINATED THROUGH THE  
11      UNIVERSITY OF OREGON, AND I BELIEVE THAT A  
12      CALTRANS REPRESENTATIVE IS PART OF THE ADVISORY  
13      BOARD FOR THAT.

14               CHAIRMAN RELIS: WHAT'S THE TIME FRAME OF  
15      THAT STUDY, INDEFINITE?

16               MR. GRAY: I THINK THAT THERE ARE  
17      PROGRESSIVE STEPS THAT ARE COMING OUT, BUT I THINK  
18      THE FIRST INFORMATION IS SUPPOSED TO START COMING  
19      OUT WITHIN A YEAR, AND THEN THEY WILL TAKE THAT  
20      INFORMATION AND PUT THAT INTO THE GENERIC SPECS  
21      THAT THEY'RE TRYING TO DEVELOP IS MY UNDERSTANDING  
22      OF IT, BUT I THINK WE HAVE THAT FAIRLY MAJOR  
23      EFFORT. I UNDERSTAND ITS FUNDING WAS ABOUT \$7  
24      MILLION.

25               CHAIRMAN RELIS: WOULD WE HAVE ANY REASON





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1 TO BELIEVE THAT THAT EFFORT WOULD BE SUPERIOR OR  
2 MORE RELEVANT THAN AN EFFORT CONDUCTED HERE IN  
3 CALIFORNIA BY OUR OWN LABS AND PEOPLE ON THE  
4 GROUND?

5 MR. GRAY: IT WILL DEAL WITH THE OVERALL  
6 UNIVERSE, AND THEN I THINK YOU'LL HAVE SOME UNIQUE  
7 CONDITIONS IN CALIFORNIA. IF YOU CAN ALREADY GO  
8 TO THOSE UNIQUE CONDITIONS IN CALIFORNIA, PERHAPS  
9 YOU'RE A STEP AHEAD. BUT IF THERE ARE THINGS TO  
10 BE LEARNED FROM WHAT HAS BEEN APPLIED NATIONALLY,  
11 YOU MIGHT LEARN THOSE LESSONS A SECOND TIME  
12 YOURSELF VERSUS GAINING THEM.

13 LET ME MAKE ONE OTHER POINT. YOU  
14 TALKED ABOUT TIRES FROM CALIFORNIA BEING USED IN  
15 THIS. PREFERENTIALLY CRUMB RUBBER WILL BE MADE BY  
16 BUFFING DUST UNTIL THE BUFFING DUST BECOMES TOO  
17 EXPENSIVE BECAUSE IT'S CHEAPER TO MAKE CRUMB  
18 RUBBER FROM BUFFING DUST. SO WHEN THE CRUMB  
19 RUBBER GETS TO SOME POINT, DEMAND FOR IT --  
20 BUFFING DUST GETS TO SOME POINT, THEN THEY START  
21 BEING MADE FROM WHOLE TIRES. AND THAT'S WHAT  
22 YOU'RE STARTING TO SEE IN SOUTHERN CALIFORNIA.

23 BUT BASICALLY CRUMB RUBBER WILL  
24 ALWAYS BE MADE FROM BUFFING DUST. YOU WILL USE  
25 THAT PREFERENTIALLY. WHEN THAT IS USED UP, THEN



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1       IT COMES FROM WHOLE TIRES.  THAT'S JUST WHAT WE'RE  
2       STARTING TO SEE HAPPEN IN SOUTHERN CALIFORNIA WITH  
3       THE TWO PLANTS YOU HAVE DOWN THERE NOW MAKING FROM  
4       WHOLE TIRES.

5                       TRYING TO RESTRICT THE SUPPLY TO BE  
6       CALIFORNIA TIRES, I'M NOT A LAWYER, BUT, KATHRYN,  
7       MOST STATES HAVE FOUND IT VERY DIFFICULT TO  
8       ENFORCE THAT KIND OF PROVISION BECAUSE IT VIOLATES  
9       FEDERAL INTERSTATE COMMERCE.  SO WHAT YOU HAVE TO  
10      DO IS SAY THAT THE PEOPLE LOCATED LOCALLY SHOULD  
11      HAVE AN ECONOMIC ADVANTAGE VERSUS SOMEBODY WHO'S  
12      SPENDING A FAIR AMOUNT OF MONEY ON TRANSPORTATION  
13      COMING FROM ARIZONA OR WHATEVER, AND IT'S UP TO  
14      THEM TO BE ABLE TO COMPETE IN THE INDUSTRY TO  
15      SUPPLY LOCALLY.  AND GENERALLY THAT HAPPENS.  
16      THANK YOU.

17                    MEMBER PENNINGTON:  FROM WHAT YOU SAID  
18      ABOUT FLORIDA, ARIZONA, SOUTHERN CALIFORNIA, THIS  
19      SUGGESTS TO ME THAT THERE'S A -- GEOGRAPHICS PLAY  
20      AN IMPORTANT ROLE IN THE USE OF ASPHALT, RUBBER-  
21      IZED ASPHALT.

22                    MR. GRAY:  IT DOES SUGGEST THAT.  I DON'T  
23      CLAIM TO BE AN EXPERT.  I'M LOOKING FORWARD TO THE  
24      INFORMATION THAT COMES OUT OF THE UNIVERSITY OF  
25      OREGON STUDY AS MUCH AS ANYBODY IS.  BUT IF YOU



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1 LOOK AT THE MAJOR USES, YES, THEY ARE ALL  
2 BASICALLY SOUTHERN CLIMATES.

3 CHAIRMAN RELIS: OKAY. JACK MICHAEL.  
4 AND THEN IF THERE ARE OTHER PEOPLE THAT WISH TO  
5 SPEAK, AND THEN WE'RE GOING TO HAVE TO MOVE ON.  
6 MAYBE TEN MORE MINUTES ON THIS SUBJECT.

7 MEMBER PENNINGTON: I MIGHT MAKE ONE  
8 COMMENT TOO ON THE PREFERENCE FOR CALIFORNIA  
9 TIRES. I'M SURE IT'S TRUE, AND I'M SURE KATHRYN  
10 WILL AGREE, TO ABSOLUTELY BAN THE USE OF TIRES  
11 FROM SOME OTHER STATE IS IN VIOLATION OF THE  
12 COMMERCE LAWS, BUT WE CERTAINLY CAN HAVE A  
13 PREFERENCE FOR A USE OF TIRES FROM THIS STATE.

14 MS. GILDART: IF I COULD JUST ADD. IN  
15 THE PAST WE'VE BEEN SUCCESSFUL IN REQUIRING THOSE  
16 OPERATORS WHO HAVE RECEIVED GRANTS FROM THE STATE,  
17 FUNDING FROM THE STATE, TO USE CALIFORNIA ONLY  
18 TIRES. I DON'T THINK YOU CAN MAKE IT A RULE OF  
19 BUSINESSES AS USUAL. BUT WHEN THERE ARE STATE  
20 MONIES INVOLVED, THEN YOU CAN MAKE THOSE  
21 PREFERENCES KNOWN.

22 CHAIRMAN RELIS: HOW MANY -- CAN I SEE A  
23 SHOW OF HANDS OF HOW MANY PEOPLE WANT TO ADDRESS  
24 THIS ISSUE ONLY? THERE'S ONLY ONE. TWO. OKAY.  
25 JACK.



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1                   MR. MICHAEL: I'LL BE BRIEF. IF YOU CAN  
2 BELIEVE THAT, I WILL BE BRIEF.

3                   I THINK, YOU KNOW, THE NUMBERS WE  
4 CAN DEBATE AND THE AVAILABILITY NUMBERS MAY BE  
5 QUESTIONABLE. THE POINT THAT I THINK IS

IMPORTANT

6           HERE IS THAT YOU'RE DEALING WITH A FEEDING FRENZY  
7 IS WHAT YOU'RE DEALING WITH. AND GET DOWN TO

SOME

8 BASIC REALITY, WE IN L.A. COUNTY ARE SPENDING A  
9 LOT OF OUR OWN MONEY TO TRY TO DEVELOP A MARKET  
10 AND USE RUBBERIZED ASPHALT BECAUSE WE BELIEVE IN  
11 IT BECAUSE WE'VE DONE IT SINCE 1986. WE'VE DONE  
12 IT MORE EXTENSIVELY IN THE 1990S.

13                   IT'S NOT APPLICABLE IN EVERY  
14 APPLICATION. I THINK THERE'S A LOT OF LEARNING  
15 THAT NEEDS TO BE ACCOMPLISHED IN TERMS OF WHEN  
YOU

16 USE RUBBERIZED ASPHALT, WHEN YOU DON'T USE IT.

17                   COMMENTS WERE MADE EARLIER, WELL,  
18 YOU CAN USE HALF AN INCH INSTEAD OF AN INCH.

THAT

19 DOESN'T NECESSARILY FOLLOW IN EVERY APPLICATION.

20 CHAIRMAN PENNINGTON MENTIONED THAT, WELL, GEE,

21 WE'RE MAYBE ONLY LOOKING AT THIS IN ARIZONA AND

22 SOUTHERN CALIFORNIA. I'M NOT SURE, NOR ARE ANY  
OF

23 US SURE, WHERE WE NEED TO LOOK AT IT.

24 I KNOW WHAT WE'RE DOING, AND WE'RE  
25 GOING TO CONTINUE WHAT WE'RE DOING BECAUSE WE



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1 BELIEVE IN IT. WE HAVE 160 PROJECTS WITH ASPHALT  
2 ON THE GROUND. WE DON'T HAVE FAILURES. WE HAVE  
3 SOME SITUATIONS THAT ARE NOT AS GOOD AS OTHERS,  
4 AND THE -- WHAT WE'RE TRYING TO ESTABLISH HERE, WE  
5 CAN CONTINUE DOING AND WILL CONTINUE TO DO WHAT  
6 WE'RE DOING.

7 WE'RE ASKING FOR SOME ASSISTANCE  
8 FROM THE STATE IN THE MONEY THAT PROBABLY SOUTHERN  
9 CALIFORNIA CONTRIBUTES IN MUCH LARGER PERCENTAGE  
10 THAN THE REST OF THE STATE TO GIVE US THE ABILITY  
11 TO EXTEND BEYOND WHAT WE WOULD DO OURSELVES AND  
12 OFFER CONSULTATION, TECHNOLOGY TRANSFER, NOT  
13 ADDITIONAL RESEARCH. I MEAN WE'RE CONVINCED.  
14 WE'VE USED IT SINCE 1986. AND WE'RE CONVINCED  
15 THAT RUBBERIZED ASPHALT WORKS. AGAIN, NOT IN  
16 EVERY APPLICATION.

17 BUT WE NEED SOME ADDITIONAL HELP TO  
18 GO BEYOND WHAT OUR FUNDING SOURCES ARE TO TRY TO  
19 HELP OTHERS TO TRY TO DEVELOP THE MARKET THAT CAN  
20 HELP TAKE CARE OF THE TIRE PROBLEM THAT EVERYBODY  
21 TALKS ABOUT. AND I DON'T THINK THAT YOU EXPECT  
22 ANY LOCAL GOVERNMENT TO GO BEYOND THEIR OWN NEEDS  
23 TO HELP EVERYBODY ELSE IN THE STATE WITHOUT SOME  
24 ADDITIONAL ASSISTANCE.

25 THAT'S ALL WE'RE LOOKING AT. WE'RE



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1 NOT LOOKING AT RESEARCHING WHETHER IT WORKS.

2 WE'RE LOOKING AT AN ONGOING PROCESS OF BEING ABLE

3 TO REFINE WHAT WE ALREADY KNOW, MAKE IT WORK

4 BETTER, MAYBE A LITTLE BETTER IN A DIFFERENT

5 CONFIGURATION FOR COLDER CLIMATES.

6 DR. TAKALLOU SAID EARLIER \$100 IN

7 SAN FRANCISCO, \$40 IN L.A. WHAT'S THE DIFFERENCE?

8 WELL, LET'S HELP FIND OUT WHAT THAT DIFFERENCE IS.

9 LET'S MAYBE BRING THAT COST DOWN. MAYBE THE COST

10 IS ONLY TRANSPORTATION OF THE RUBBER. WE DON'T

11 KNOW EXACTLY, BUT WE CAN HELP IN THAT

TECHNOLOGY

12 TRANSFER TO BE ABLE TO DEVELOP THE MARKETS,

WHICH

13 I THINK EVERYBODY -- EVERYBODY I'VE HEARD TODAY

14 SAID IT'S NOT AN ISSUE SO MUCH OF THE

15 TECHNICALITIES OF HOW YOU CAN USE THIS. IT'S

16 DEVELOPING A MARKET.

17 THE CRUMB RUBBER PEOPLE WANT A

18 MARKET SO THAT THEY KNOW WHETHER THEY CAN

INVEST

19 OR NOT INVEST. WE HAVE TIRE PILES. WELL,

20 THERE'S -- IN THE STAFF REPORT THERE'S AN

21 ATTACHMENT AT THE STAFF'S REQUEST THAT SAYS

DON'T

22       DEVELOP MORE PILES; DEVELOP MARKETS.  WE'RE NOT  
23       DOING RESEARCH.  WE'RE TRYING TO DEVELOP  
MARKETS  
24       AND DO TECHNOLOGY TRANSFER.  AND I WANT TO MAKE  
25       THAT CLEAR BECAUSE RESEARCH IS NOT OUR PRIMARY

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1 FOCUS.

2 CHAIRMAN RELIS: THANK YOU. NOW WE'RE  
3 GETTING MORE HANDS. SEE, I JUST ASKED. WE'RE  
4 ONLY GOING TO SPEND FIVE MORE MINUTES ON THIS  
5 ISSUE, SO I'LL GIVE EACH PERSON A MINUTE. THAT'S  
6 ALL YOU'VE GOT BECAUSE WE HAVE TO MOVE ON.

7 MR. HARRINGTON: MICHAEL HARRINGTON, BAS  
8 RECYCLING. THE NUMBERS THAT MR. LANCASTER WAS  
9 GIVING AND THE -- ALSO THE INDICATION THAT CRUMB  
10 RUBBER WASN'T AVAILABLE WAS FOR THE PAST PAVING  
11 SEASON. THE TWO COMPANIES THAT HE'S TALKING ABOUT  
12 ON RUBBERIZED SLURRY SEAL IS PETROCHEM, AND THE  
13 LENDER WHO DID COUNTY OF LOS ANGELES WORK THIS  
14 YEAR WAS SYLVIA CONSTRUCTION.

15 WE'VE SUPPLIED A HUNDRED PERCENT OF  
16 THE RUBBER FOR THOSE PROJECTS FROM OUR FACILITY,  
17 WHICH IS A WHOLE TIRE RECYCLING FACILITY. AND  
18 JUST FOR KIND OF AN ADDITIONAL ASIDE REAL QUICKLY,  
19 RUBBERIZED ASPHALT IS ALWAYS GOING TO BE A MORE  
20 EXPENSIVE PER TON MATERIAL, NOT PER PROJECT.

21 CHAIRMAN RELIS: TIME'S UP. THANK YOU.  
22 NEXT.

23 MEMBER CHESBRO: DID I UNDERSTAND YOU TO  
24 BE SAYING, THEN, THAT YOU DON'T CONSIDER THE  
25 SUPPLY ISSUE TO STILL BE A PROBLEM? THERE IS



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1       ADEQUATE SUPPLY.   IS THAT WHAT YOU WERE SAYING?

2               MR. HARRINGTON:   I'M SAYING THAT IN THE  
3       COUNTY OF LOS ANGELES --

4               CHAIRMAN RELIS:   WAIT.   WE'VE GOT TO GET  
5       THIS ON RECORD.

6               MEMBER CHESBRO:   I'M JUST TRYING TO BE  
7       CLEAR ON WHAT YOU WERE GETTING AT.

8               MR. HARRINGTON:   FOR THIS PAVING SEASON,  
9       WHICH HASN'T COMPLETED YET, WE ARE SUPPLYING AND  
10      WILL SUPPLY CRUMB RUBBER FROM OUR FACILITY TO THE  
11      CONTRACTORS THAT MR. LANCASTER IS REFERRING TO.  
12      IN PAST YEARS THEY MAY OR MAY NOT HAVE HAD A  
13      PROBLEM.   I'M NOT PRIVY TO THAT.   BUT I KNOW IN  
14      THIS PAVING SEASON, THIS CALENDAR YEAR, YES, WE  
15      ARE SUPPLYING TO THOSE TWO SPECIFIC COMPANIES THAT  
16      HE'S REFERRING TO.

17              MEMBER CHESBRO:   DOES THAT INCLUDE ANY  
18      CAPACITY FOR GROWTH OR GREATER PRODUCTION IF THERE  
19      WERE MORE MILES BEING PAVED?

20              MR. HARRINGTON:   YES.   WE'RE AT A  
21      50-PERCENT CAPACITY TO OUR CURRENT FACILITY.

22              CHAIRMAN RELIS:   MR. LANCASTER AND MR.  
23      TAKALLOU AND -- DR. TAKALLOU, AND I THINK THAT  
24      COMPLETES IT.

25              MR. LANCASTER:   FRANK LANCASTER FROM LOS





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1       ANGELES COUNTY. I GUESS EARLIER THERE WAS SOME  
2       REFERENCE MADE TO THE NATIONAL USE OF ASPHALT  
3       RUBBER, AND THERE ARE FOUR STATES USING THE REAL  
4       LION'S SHARE OF THE ASPHALT RUBBER. THAT'S  
5       CALIFORNIA, ARIZONA, TEXAS, AND FLORIDA.

6                       I HAVE BEEN TO SEMINARS WHERE WE HAD  
7       REPRESENTATIVES FROM NEARLY EVERY SINGLE STATE  
8       THERE, AND THOSE FOUR STATES ARE THE ONLY ONES  
9       REALLY USING ASPHALT RUBBER. THE OTHERS HAVE  
10      REALLY SEEN FAILURES. AND THE REASON IS THERE'S  
11      ONLY TWO METHODS OF MAKING ASPHALT RUBBER. ONE IS  
12      CALLED DRY METHOD OF MIXING ASPHALT RUBBER WHERE  
13      YOU ACTUALLY ADD THE RUBBER TO THE SAND AND THE  
14      AGGREGATE AND THE OTHER IS THE WET METHOD WHERE  
15      YOU PUT THE RUBBER INTO THE ASPHALT.

16                      THOSE FOUR STATES, CALIFORNIA,  
17      ARIZONA, TEXAS, AND FLORIDA, USE THE WET METHOD,  
18      AND THEY HAVE HAD GOOD USE OF THE ASPHALT RUBBER.  
19      ALL THE OTHER STATES ARE REALLY TRYING TO REALLY  
20      WORK WITH THE DRY METHOD, AND THEY ALL STAND UP  
21      AND THEN SAY WE DID ONE PROJECT, AND IT WAS A  
22      MISERABLE FAILURE, AND WE AREN'T USING IT, AND  
23      THEY'RE USING A DIFFERENT METHOD.

24                      CHAIRMAN RELIS: THANK YOU. DR.  
25      TAKALLOU. AND THEN WE'RE MOVING ON TO THE --



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1 DR. TAKALLOU: I JUST WANT TO MAKE A  
2 CORRECTION TO MR. TERRY GRAY. THIS IS FROM OREGON  
3 STATE UNIVERSITY. THE RESEARCH HE WAS REFERRING  
4 IS CONDUCTED AT OREGON STATE UNIVERSITY, NOT  
5 UNIVERSITY OF OREGON.

6 CHAIRMAN RELIS: IT'S IMPORTANT.

7 DR. TAKALLOU: AND ALSO THE RESEARCH  
8 PROGRAM IS NOT \$7 MILLION. IT'S \$1.8 MILLION.  
9 THE OBJECTIVE OF THAT RESEARCH IS TOTALLY  
10 DIFFERENT THAN WHAT THE CENTER L.A. COUNTY IS  
11 PROPOSING. L.A. COUNTY CENTER IS FOR DISSEMI-  
12 NATION OF INFORMATION AND THE TECHNOLOGY TRANSFER  
13 PROGRAM. AND THAT PROGRAM STARTED ABOUT A YEAR  
14 AGO, A YEAR AND A HALF AGO, AND THEY'RE ALREADY  
15 BEHIND OF THEIR SCHEDULE. THEY'RE LOOKING ABOUT  
16 ANOTHER UNIVERSITY TYPE OF PROGRAM. THEY GOING TO  
17 EXTENSION. MAYBE IT'S GOING TO BE COMPLETED IN  
18 FOUR YEARS OR FIVE YEARS.

19 CHAIRMAN RELIS: OKAY. THANK YOU. ALL  
20 RIGHT.

21 NEXT QUESTION, AND THIS TIES INTO AN  
22 EARLIER DISCUSSION OF LOANS STAFF ANALYZED IN YOUR  
23 WORK ON PAGES 9 TO 12 AND 18. YOU ANALYZED THE  
24 POSSIBILITY OF A VIABLE PERHAPS HIGHER RISK LOAN  
25 PROGRAM RELATED TO TIRE BUSINESSES. BUT IN THE



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1       ACTUAL RECOMMENDATIONS ON PAGE 18 IN TABLE C, YOU  
2       DID NOT RECOMMEND SUCH A PROGRAM. SO WE'D LIKE TO  
3       HEAR WHAT YOUR RATIONALE IS FOR NOT RECOMMENDING  
4       THAT TYPE OF PROGRAM.

5               MS. TRGOVCICH: ONE OF THE THINGS THAT WE  
6       WERE LOOKING AT IN PUTTING THE RECOMMENDATIONS  
7       TOGETHER IS FOR THE 6-7 FISCAL YEAR, WHAT IS  
8       POSSIBLE GIVEN THE REMAINING TIME FRAME IN THE  
9       FISCAL YEAR?

10               YOU WILL NOTICE THERE'S \$500,000  
11       PROPOSED IN THE 6-7 FISCAL YEAR, AND THE 7-8 YEAR  
12       WE'RE PROPOSING A \$2 MILLION ITEM THERE. AND THAT  
13       7-8 YEAR IS PRETTY OPEN-ENDED IN THE SENSE THAT WE  
14       WOULD BE INTENDING AT THAT POINT TO COME BACK TO  
15       YOU WITH ANALYSIS AROUND THE LOAN PROGRAMS  
16       THEMSELVES AS WELL AS ANALYSIS AROUND GRANTS.

17               WE DIDN'T PRECLUDE GRANTS. WE ARE  
18       NOT PROPOSING THAT THE BOARD NOT DO GRANTS, BUT  
19       WHAT WE ARE SAYING IS THAT WE SHOULD SPEND THE  
20       REMAINING SIX MONTHS, ONCE WE MOVE THROUGH THE  
21       ALLOCATION ITEMS, OF THE FISCAL YEAR IN ANALYZING  
22       WHERE TO BEST TARGET OUR EFFORTS.

23               SO WE WOULD BE LOOKING AT OVER THE  
24       NEXT SIX MONTHS USING OUR EXISTING CONSULTING  
25       SERVICES AS WELL AS STAFF EXPERTISE AT ANALYZING



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1       HOW BEST TO PUT TOGETHER A BUSINESS DEVELOPMENT  
2       LOAN PROGRAM WHICH WOULD ADDRESS SOME OF THE RISK  
3       ISSUES THAT HAVE BEEN RAISED, THE START-UP  
4       BUSINESS ASPECT OF MANY OF THESE COMPANIES ON THE  
5       COLLATERAL REQUIREMENTS, ETC., ETC.

6               CHAIRMAN RELIS:   SO IT WOULD BE A WHOLE  
7       PROGRAMMATIC.   HOW WOULD WE BRING INTO BEAR A --  
8       BEARING A LOAN PROGRAM OF THE CHARACTERISTICS  
9       HIGHER RISK?

10              MS. TRGOVCICH:   GIVEN THE REMAINING TIME  
11       FRAME, WE'RE ALREADY WELL INTO THE FISCAL YEAR, WE  
12       WERE PROPOSING TO COMPLETE THAT ANALYSIS OVER THE  
13       NEXT SIX MONTHS, BOTH AS IT RELATES TO GRANTS AS  
14       WELL AS ADDITIONAL LOAN PROGRAMS.

15              MEMBER PENNINGTON:   MR. CHAIRMAN, I'D BE  
16       VERY SUPPORTIVE OF FURTHER LOOKING AT THE HIGHER  
17       RISK LOAN PROGRAM, SOME INCENTIVE-TYPE LOANS,  
18       THOSE KINDS OF THINGS.   BUT I WOULD ALSO SUGGEST  
19       THAT MAYBE WHILE WE'RE DOING THAT, WE INCLUDE IN  
20       THAT THE WHOLE BOARD'S LOAN AND GRANT PROGRAMS IN  
21       THE MARKET DEVELOPMENT AREA SO THAT WE LOOK AT THE  
22       RMDZ LOANS AS WELL BECAUSE I THINK THAT THAT'S AN  
23       AREA THAT NEEDS TO BE LOOKED AT IN THAT AREA AS  
24       WELL.

25              CHAIRMAN RELIS:   WELL, OKAY.   STAFF'S





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1 THINKING IS SPECIFICALLY TIRE RELATED, I TAKE IT,  
2 AT THIS, CORRECT? IT WASN'T A BROADER LOOK AT THE  
3 WHOLE LOAN PROGRAM?

4 MS. TRGOVCICH: OUR THINKING IS  
5 SPECIFICALLY TIRE RELATED. AS YOU'RE AWARE, WE'RE  
6 IMPLEMENTING A MARKET DEVELOPMENT STRATEGY RIGHT  
7 NOW, THE LOAN STRATEGY. WE'RE SEEING A TREMENDOUS  
8 INCREASE IN THE AMOUNT OF VOLUME OF LOANS,  
9 ESPECIALLY OVER THE FOURTH QUARTER. AND WE HAVE A  
10 TREMENDOUS VOLUME OF LOANS IN OUR PIPELINE REPORTS  
11 FOR THE FIRST QUARTER OF THE COMING YEAR.

12 SO I THINK WE'RE SEEING DEFINITELY  
13 SUCCESSES AS IT RELATES TO THE OVERALL RMDZ  
14 PROGRAM AND IMPLEMENTATION OF THE BOARD'S ZONE  
15 MARKETING STRATEGY, LOAN MARKETING STRATEGY. OUR  
16 THINKING IN THIS REGARD WAS SPECIFIC TO TIRES AND  
17 THE UNIQUE NATURE OF THOSE BUSINESSES.

18 CHAIRMAN RELIS: SO DO I DERIVE FROM WHAT  
19 YOU SAID THAT IF THE LOAN PIPELINE, WHICH HAS NOT  
20 HISTORICALLY BEEN AS FULL, FILLS, YOU WOULD HAVE  
21 SUFFICIENT LOAN ACTIVITY WHERE YOU WOULDN'T BE  
22 NECESSARILY NEEDING TO LOOK AT HIGHER RISK TO  
23 BRING BUSINESS ACTIVITY ON LINE. IS THAT WHAT  
24 YOU'RE SAYING?

25 MS. TRGOVCICH: NO. I THINK WHAT I WAS



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1 REFERRING TO, WHAT I'M HEARING IS A DIFFEREN-  
2 TIATION BETWEEN TIRE LOANS VERSUS LOANS FOR OTHER  
3 MARKET DEVELOPMENT ACTIVITIES. AND IN OTHER  
4 AREAS, I'M JUST TRYING TO SAY THAT WE'RE SEEING  
5 PAYOFF AS IT RELATES TO THE BOARD'S LOAN MARKETING  
6 STRATEGY. AND WE'RE SEEING A LOT OF INCREASE IN  
7 THE NUMBER OF BUSINESSES COMING IN, VERY VIABLE  
8 BUSINESSES, GOOD PROJECTS.

9 AS IT RELATES TO TIRES, HOWEVER, IT  
10 IS A UNIQUE AREA. THERE ARE SOME SPECIFIC FACTORS  
11 THAT MAY INHIBIT A STRONG LOAN PROGRAM IN THAT  
12 AREA. AND WE'RE PROPOSING OVER THE NEXT SIX  
13 MONTHS TO BE ABLE TO LOOK AT THAT MORE CLOSELY.  
14 THAT'S WHY YOU SAW A VERY TARGETED LOAN PROGRAM IN  
15 THE STAFF RECOMMENDATION FOR THE 6-7 FISCAL YEAR.

16 MEMBER PENNINGTON: MR. CHAIRMAN, I DON'T  
17 WANT TO GET US OFF ON ANOTHER TRACK HERE. I WILL  
18 ONLY SAY THAT I'M CONCERNED THAT OUR RMDZ PROGRAM,  
19 IT MAY HAVE LOTS OF LOANS, BUT THEY MAY BE VERY  
20 BANKABLE LOANS AND NOT REACHING THE CONSTITUENCY  
21 THAT I THINK THIS BOARD SHOULD BE TRYING TO REACH.  
22 I THINK WE NEED TO LOOK AT THAT MORE CLOSELY.

23 CHAIRMAN RELIS: I'M WONDERING IF, GIVEN  
24 WHAT'S BEFORE US TODAY, WE COULD LOOK AT WORK ON  
25 THIS LOAN PROGRAM AS YOU DESCRIBE IT, AND PERHAPS



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1       IN MARKET COMMITTEE BRING THAT SAME SUBJECT UP FOR  
2       DISCUSSION IN THE APPROPRIATE COMMITTEE THERE.

3               NOW, WOULD STAFF BE LOOKING TO DO  
4       THIS? COULD THIS BE DONE THROUGH A CONTRACT?

5               MS. TRGOVCICH: WHAT WE ARE PROPOSING --  
6       WHAT WE WOULD BE DOING IS LOOKING AT THE ISSUES  
7       THAT WERE RAISED THROUGH THE PAST LOAN OFFERING,  
8       IF YOU WANT TO CALL IT THAT, AND WORK WITH OUR  
9       EXISTING CONSULTANTS. AS YOU ARE AWARE, WE HAVE  
10      AN EXISTING FINANCIAL CONSULTANT THAT WORKED VERY  
11      CLOSELY WITH THE APPLICANTS THAT CAME IN UNDER THE  
12      PAST TIRE OFFERING AND WAS VERY FAMILIAR WITH THAT  
13      INDUSTRY. AND TO BE ABLE TO LOOK AT PUTTING SOME  
14      OPTIONS TOGETHER FOR THE COMMITTEE AND BOARD'S  
15      CONSIDERATION.

16              CHAIRMAN RELIS: SO THAT WOULD BE LIKE  
17      WORKING WITH AN EXISTING CONTRACT?

18              MS. TRGOVCICH: YES.

19              MEMBER CHESBRO: MR. CHAIRMAN, MAY I ASK  
20      A QUESTION?

21              CHAIRMAN RELIS: YES.

22              MEMBER CHESBRO: THANK YOU FOR THE  
23      COURTESY OF ALLOWING ME TO PARTICIPATE HERE.

24                      ARE YOU TALKING -- WHEN YOU TALK  
25      ABOUT THE REVIEW OF JUST THE PRIVATE SECTOR  
LOANS,



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1 OR ARE YOU TALKING ABOUT ALSO THIS IDEA OF LOANS  
2 TO LOCAL GOVERNMENT FOR THE ASPHALT -- RUBBERIZED  
3 ASPHALT APPLICATION?

4 MS. TRGOVCICH: WE WERE SPECIFICALLY  
5 TALKING IN THIS EVALUATION OF THE BUSINESS  
6 DEVELOPMENT LOANS, PRIVATE SECTOR.

7 CHAIRMAN RELIS: I'M SORRY. I MISSED  
8 RIGHT AT THE END.

9 MEMBER CHESBRO: WELL, THE QUESTION WAS  
10 WHETHER OR NOT WE WERE TALKING ABOUT THE -- THIS  
11 REVIEW WOULD BE PRIMARILY THE PRIVATE SECTOR LOAN  
12 CONCEPT. I HAVE SOME QUESTIONS ABOUT THE IDEA,  
13 AND MR. MICHAEL TOUCHED ON IT IN PART, OF LOANS TO  
14 LOCAL GOVERNMENT FOR ESSENTIALLY MAINTENANCE  
15 PROJECTS AND HOW VIABLE THAT IS, BUT THAT'S NOT  
16 THE TOPIC. I JUST WANTED TO BE CLEAR THAT THAT  
17 WAS NOT WHAT WAS BEING DISCUSSED THERE.

18 CHAIRMAN RELIS: OKAY.

19 MEMBER PENNINGTON: MR. CHAIRMAN, WHILE  
20 WE'RE ON LOANS, I NOTICE THAT IN TABLE B WE TALK  
21 ABOUT --

22 CHAIRMAN RELIS: WHAT PAGE NUMBER IS  
23 THAT?

24 MEMBER PENNINGTON: FIVE. WE TALK ABOUT  
25 LOAN REPAYMENTS. AND I'M JUST, YOU KNOW,





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1       WONDERING WHAT KIND OF LOANS THESE ARE? IS THERE  
2       A REPAYMENT SCHEDULE?

3               CHAIRMAN RELIS: DON'T THESE REFER TO THE  
4       TWO LOANS?

5               MS. TRGOVCICH: THIS REFERS TO THE TWO  
6       LOANS, AND THAT REPAYMENT IS SPECIFIC TO ONE LOAN.  
7       THE OTHER LOAN IS MOVING THROUGH FORECLOSURE AT  
8       THIS TIME.

9               CHAIRMAN RELIS: SO THAT'D BE THE PARCO  
10      LOAN THEN?

11              MS. TRGOVCICH: CORRECT.

12              CHAIRMAN RELIS: WE HAVE ONE IN DEFAULT.

13              MEMBER CHESBRO: MR. CHAIRMAN, WOULD THIS  
14      BE THE APPROPRIATE TIME FOR ME TO ASK THE QUESTION  
15      ABOUT THE LOCAL GOVERNMENT LOAN CONCEPT, OR ARE  
16      YOU WAITING?

17              CHAIRMAN RELIS: WELL, I GUESS THIS IS  
18      LOANS, SO LET'S COVER LOANS WHILE WE'RE ON LOANS.

19              MEMBER CHESBRO: MR. MICHAEL, I BELIEVE  
20      IT WAS, RAISED A VERY GOOD QUESTION ABOUT WHETHER  
21      OR NOT IT'S VIABLE AND WHETHER LOCAL GOVERNMENTS  
22      ARE GOING TO BE INTERESTED IN BORROWING MONEY FOR  
23      WHAT ARE ESSENTIALLY MAINTENANCE PROJECTS THAT  
24      HAVE TO THEN BE REPEATED IN A FAIRLY SHORT TIME  
25      PERIOD, WHETHER IT'S A LONG-TERM INVESTMENT.



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1 USUALLY LOCAL GOVERNMENTS ARE RELUCTANT TO GO INTO  
2 DEBT UNLESS IT'S FOR SOME SORT OF LONG-TERM  
3 CAPITAL PURPOSE OR UNLESS THEY'RE ON THE VERGE OF  
4 BANKRUPTCY, ONE OR THE OTHER.

5 SO HAVE WE ACTUALLY HAD AN  
6 EXPRESSION OF SUPPORT FROM LOCAL GOVERNMENTS FOR  
7 THIS CONCEPT? IS THIS SOMETHING THAT ORIGINATED  
8 HERE? AND IS THERE ANY SENSE THAT LOCAL  
9 GOVERNMENTS ARE INTERESTED IN THIS AS A FUNDING  
10 SOURCE, AS A WAY TO FUND RUBBERIZED ASPHALT  
11 APPLICATIONS?

12 MS. TRGOVCICH: I DID SPEAK WITH MR.  
13 MICHAEL. THERE IS SOME CONCERN OUT THERE AS TO  
14 WHETHER OR NOT THERE WOULD BE ANY INTEREST.

WHERE

15 THIS CONCEPT DEVELOPED OR AROSE FROM WAS WANTING  
16 TO SEE SOME LINKAGES BETWEEN THE TYPE OF  
17 TECHNOLOGY TRANSFER AND EDUCATION THAT THE L.A.  
18 COUNTY PROPOSAL WAS OFFERING. AND WE SAW A LOT  
19 OF  
20 BENEFIT TO THOSE ASPECTS OF THEIR PROPOSAL AND  
21 WANTING TO LINK IT TO SOME SORT OF INSTALLATION  
22 PROGRAM.

22 AS I CAN SAY, AS THE DEPUTY  
DIRECTOR

23 OF THE WASTE PREVENTION MARKET DEVELOPMENT  
24 DIVISION, THAT I FEEL THAT WE ARE JUST IN THE  
25 PROCESS OF FINALIZING THE SIGNATURE ON THE '95-  
'96

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1 GRANT CYCLE, AND I WASN'T PREPARED AT THIS TIME  
TO  
2 RECOMMEND FOR THE REMAINING, YOU KNOW, WHAT WILL  
3 BE SIX MONTHS IN THE FISCAL YEAR ANOTHER GRANT  
4 CYCLE. AND I WOULD BE WANTING TO SEE AN  
5 EVALUATION OF PAST GRANTS TO BE ABLE TO TARGET A  
6 7-8 SOLICITATION MORE CLOSELY.

7 WE WANTED TO COME FORWARD WITH SOME  
8 SORT OF RECOMMENDATION AROUND A FINANCIAL  
9 ASSISTANCE PROGRAM. THIS MAY NOT BE THE RIGHT  
10 ONE. I'VE TALKED WITH A FEW FOLKS. THERE SEEMS  
11 TO BE SOME INTEREST. I THINK CERTAIN MEMBERS  
HAVE  
12 SUGGESTED SOME MODIFICATIONS TO THAT PROPOSAL  
13 WHICH WOULD LOOK AT TIME FUTURE USE TO SOME SORT  
14 OF REPRIEVE FROM THE LOAN BALANCE OR PORTIONS OF  
15 THE LOAN BALANCE, THAT THERE MAY BE A WAY TO  
16 PROVIDE ADDITIONAL INCENTIVES. WE'LL BE VERY  
OPEN  
17 TO THAT.

18 MEMBER CHESBRO: THE INTENT WASN'T TO  
19 QUESTION THE IDEA OF ASSISTANCE TO LOCAL  
20 GOVERNMENTS TO APPLY RUBBERIZED ASPHALT. I THINK  
21 THAT THAT'S CLEARLY -- WE'VE HEARD THERE'S BEEN A  
22 LOT OF SUCCESS WITH THAT. IT'S CLEARLY AN AREA

23        THAT NEEDS A LOT OF FOCUS.

24                    I WAS QUESTIONING WHETHER THE LOAN  
25        WAS A MECHANISM THAT WOULD BE ATTRACTIVE ENOUGH  
TO

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1 LOCAL GOVERNMENTS TO BE AN INCENTIVE TO ENCOURAGE  
2 IT AS OPPOSED TO HAVE THEM LOOK AT IT AND SAY WE  
3 CAN'T FINANCE ROADS THAT WAY.

4 MS. TRGOVCICH: IN AND OF ITSELF IT MAY  
5 WELL NOT BE. THAT WAS THE ATTEMPT TO TRY TO TIE  
6 IT TO THE L.A. COUNTY PROPOSAL WHERE AN APPLICANT  
7 WOULD RECEIVE THOSE TYPES OF SERVICES, THAT TYPE  
8 OF TECHNOLOGY TRANSFER, THAT TYPE OF EDUCATION.

9 AS MR. MICHAEL HAS SAID, THAT IN AND OF ITSELF MAY  
10 NOT BE SUFFICIENT INCENTIVE, AND OTHER MEMBERS  
11 HAVE RAISED SOME OTHER ALTERNATIVES WHICH WOULD  
12 LOOK AT POTENTIALLY RELIEVING SOME OF THE LOAN  
13 PAYMENT OBLIGATIONS FOR FUTURE COMMITMENTS.

14 CHAIRMAN RELIS: ANY OTHER? MR. FRAZEE.

15 MEMBER FRAZEE: WE MIGHT AS WELL HAVE  
16 THE  
17 ENTIRE BOARD MEETING AND GET IT OVER WITH AT THE  
18 SAME TIME.

19 MEMBER PENNINGTON: THEN I CAN GO ON  
20 VACATION TOMORROW.

21 MEMBER FRAZEE: I WANTED TO GO BACK ONE  
22 STEP BACK FROM WHAT MR. CHESBRO BROUGHT OUT HERE  
23 ON THE LOANS. I QUESTION THE VALUE IN ANY  
24 INVOLVEMENT BY THE BOARD IN FURTHER DEMONSTRATION  
25 PROJECTS OF LAYING DOWN PAVING OVERLAY JOBS. WE  
DID SOME OF THOSE THIS YEAR. I THINK WE FOUND





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1 FROM THOSE THAT THE INCREMENT OF ADDITIONAL COST  
2 IS NOT WHAT WE WERE PAYING FOR. WE WERE  
3 SUBSIDIZING AN OVERLAY JOB FOR THREE CITIES. AND  
4 I DON'T THINK THAT GAINS ANYTHING IN THE END  
5 RESULT OF DETERMINING WHETHER IT'S A GOOD IDEA OR  
6 EXPANDING THE USE. I THINK WE ARE BEYOND THAT  
7 POINT, AND THAT MONEY CAN BE BETTER SPENT  
8 SOMEWHERE ELSE OTHER THAN BEING PUT INTO  
9 OVERLAY --

10 CHAIRMAN RELIS: YOU MEAN --

11 MEMBER FRAZEE: -- PROJECTS.

12 CHAIRMAN RELIS: -- DEMONSTRATION  
13 PROJECTS YOU'RE NOT IN FAVOR OF?

14 MEMBER FRAZEE: YEAH. I THINK THERE'S  
15 SOME SENTIMENT BY OTHER MEMBERS OF THE BOARD FOR  
16 THAT.

17 CHAIRMAN RELIS: OKAY. DONE WITH LOANS?  
18 JUST, I'M GOING THROUGH A LIST OF -- OKAY.

19 THE THIRD AREA CONCERNED THE CIVIL  
20 ENGINEERING APPLICATIONS. WE HEARD SOME  
TESTIMONY

21 TODAY ON ONE IDEA.

22 WE HAVE HEARD BEFORE THE BOARD  
23 SPECIFIC PRESENTATIONS FROM YOLO COUNTY AND  
THEIR

24 USE OF TIRES IN LANDFILLS FOR METHANE RECOVERY  
AND  
25 SOME OTHER NATIONAL STUDIES. WHAT IS YOUR TAKE,

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1       GIVEN OUR EXPERIENCE WITH AN ENTITY CLOSE-BY, TO  
2       THE ENGINEERING APPLICATION PROSPECT?

3               MS. RICE:   STAFF MAY WANT TO SPEAK IN  
4       MORE DETAIL TO THE EXPERIENCE GLEANED FROM YOLO  
5       COUNTY.   IN PUTTING THE STAFF RECOMMENDATION  
6       FORWARD, THE RATIONALE FOR WHY CAREN AND I DID NOT  
7       PUT AN INDICATION OF ADDITIONAL FUNDING IN THE  
8       CURRENT FISCAL YEAR, BUT RATHER LEFT THAT TO THE  
9       SUBSEQUENT FISCAL YEAR OR 7-8, IS THAT, AS YOU  
10      KNOW, THE BOARD VERY RECENTLY AWARDED A CONTRACT  
11      FOR THIS PURPOSE.   I BELIEVE THAT WAS IN JUNE OF  
12      THIS YEAR.   AND WORK HAS NOT YET GOTTEN INTO A  
13      VERY PRODUCTIVE STAGE.   I UNDERSTAND THE  
14      CONTRACTOR AND STAFF AND OUR CONSULTANT MET, I  
15      BELIEVE, YESTERDAY ON THIS ISSUE AND DISCUSSED  
16      THE  
17      RANGE OF PROJECTS THAT THEY MIGHT GET INTO AND  
18      HOW  
19      TO CATEGORIZE THEM AND ESTABLISH --

20             CHAIRMAN RELIS:   THIS IS OUR GEOTECH  
21      CONTRACT?

22             MS. RICE:   THAT'S CORRECT.   AND LOOK AT  
23      CRITERIA FOR JUDGING WHICH ARE THE MORE FRUITFUL  
24      AREAS.   SO WE ARE JUST NOW STARTING TO GET INTO  
25      THIS AREA.   IF YOU WOULD LIKE MORE INFORMATION, I

24        COULD ASK STAFF TO COME UP AND PROVIDE THAT.

THAT

25        WAS OUR RATIONALE FOR NOT SUGGESTING ADDITIONAL

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1 FUNDING IN THE CURRENT FISCAL YEAR. WE DIDN'T  
2 FEEL WE HAD ENOUGH TO GO ON.

3 CHAIRMAN RELIS: OKAY. FINE.

4 QUICK QUESTION. ON THE INTERAGENCY  
5 AGREEMENT WITH DMV TO GET THEM -- DEPARTMENT OF  
6 MOTOR VEHICLES, TO GET THE OWNERS' NAMES FROM THE  
7 DEPARTMENT, CAN'T WE GET THAT WITHOUT HAVING TO  
8 PAY FOR IT?

9 MS. RICE: WE HAVE BEEN REQUESTING THIS  
10 INFORMATION FOR SOME TIME, AND I UNDERSTAND THAT  
11 WHEN THE WORKLOAD WAS MODEST, IN OTHER WORDS, WE  
12 HAD A FEW REQUESTS COMING IN, THEY WERE MORE THAN  
13 HAPPY TO KEEP UP WITH THEM. BUT IN RECENT MONTHS  
14 THE WORKLOAD HAS DRAMATICALLY INCREASED BECAUSE  
15 LANDFILL OPERATORS AND OTHERS ARE TURNING INTO US  
16 LICENSE NUMBERS OF FOLKS THAT ARE LEAVING OFF  
17 TIRES.

18 AND DMV HAS SAID THEY HAVE NO  
19 ABILITY TO DEAL WITH WHAT WE ARE NOW SENDING THEM,  
20 WHICH, AS I UNDERSTAND IT, IS LITERALLY HUNDREDS  
21 OF LICENSE PLATES. AND WE ARE UNABLE TO CLOSE THE  
22 LOOP WHEN WE ARE GIVEN THIS VALUABLE INFORMATION  
23 TO FOLLOW UP ON. AND SO WHAT WE ARE SUGGESTING IS  
24 A FAIRLY MODEST AMOUNT OF MONEY TO HAVE THEM HAVE  
25 ONE, I BELIEVE, QUARTER-TIME CLERICAL PERSON TO



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1       WORK AT THE COMPUTER AND INPUT THIS INFORMATION  
2       AND GET US THE --

3               CHAIRMAN RELIS:   SO WE WOULD ACTUALLY BE  
4       HIRING TIME?

5               MS. RICE:   THAT'S THE PURPOSE OF THE  
6       MONEY TO DMV IS FOR THEM TO DO SO OR TO ALLOCATE  
7       ONE OF THEIR PERSONNEL FOR THAT PURPOSE.

8               CHAIRMAN RELIS:   ALL RIGHT.   ON THE  
9       CONTRACTING PROCESS FOR STATE DIRECTED CLEANUP AND  
10      LINKAGE TO END-USE REQUIREMENTS, ON PAGE 16, ITEM  
11      1, STAFF SUGGESTS THAT THE BOARD MAY WISH TO ENTER  
12      INTO CONTRACTS WITH FIRMS AT DIFFERENT LOCATIONS  
13      WITH THE IDEA THAT MAYBE BY DOING THIS, WE WOULD  
14      BE ABLE TO DRIVE DOWN THE COST SINCE TRANSPORT IS  
15      SUCH A BIG FACTOR IN THE CLEANUP.   SO THERE ARE  
16      OPTIONS.

17              I SUPPOSE WE COULD GO TO TOTALLY  
18      OPEN COMPETITIVE BIDS THAT WOULD LEAVE OPEN THE  
19      PROSPECT FOR LOCALIZED CLEANUP ACTIVITY WITHOUT  
20      THE TRANSPORT.   I THINK WE GOT A LETTER FROM JOHN  
21      CUPPS ON THIS.

22              MS. RICE:   WHAT STAFF WERE SUGGESTING  
23      WITH THAT LANGUAGE, AND IT PROBABLY COULD HAVE  
24      BEEN CLEARER, IS THAT RATHER THAN DOING --  
25      ENTERING INTO ONE SIGNIFICANT CONTRACT AND  
PUTTING





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1       ALL THE MONEY INTO ONE CONTRACT, THAT THE BOARD  
2       INSTEAD DIRECT AN RFQ PROCESS WHERE WE PREQUALIFY  
3       A NUMBER OF CONTRACTORS, THREE TO FIVE OR MORE,  
4       DEPENDING ON WHAT THE FIELD IS AND WHERE THE  
5       QUALIFICATIONS ARE, AND NOT ASSIGN SPECIFIC  
6       AMOUNTS OF MONEY TO THOSE CONTRACTORS, BUT RATHER  
7       PREQUALIFY THEM TO DO THE WORK.  AND THEN WHEN YOU  
8       APPROVE SPECIFIC SITES FOR CLEANUP, WE COULD THEN  
9       SOLICIT BIDS FROM THOSE INDIVIDUAL CONTRACTORS  
10      WITH WHATEVER END USE AND OTHER CONSIDERATIONS IN  
11      MIND HOPING TO BRING ABOUT SOME COMPETITIVENESS IN  
12      THE APPROACH TO THE CLEANUP BOTH IN TERMS OF  
13      LOCATION, TRANSPORTATION COSTS, AND DISTANCE TO  
14      END USES, WHICH SOME OF THEM MAY BE LOCATED WELL  
15      FOR AND OTHERS MAY NOT.

16                   SO WE WERE HOPING TO MAXIMIZE USE OF  
17      STATE FUNDS THROUGH THE USE OF MORE THAN ONE  
18      CONTRACTOR AND PERHAPS THROUGH THE METHOD OF NOT  
19      ASSIGNING FUNDING PARTICULARLY TO A CONTRACT, BUT  
20      RATHER FOR THE PURPOSE.

21                   CHAIRMAN RELIS:  BUT NOT -- YOU'RE  
22      STOPPING SHORT OF A FULL, OPEN COMPETITIVE BID.

23                   MS. RICE:  WE ARE NOT SUGGESTING OPEN  
24      BIDDING ON EACH AND EVERY CLEANUP.  WE THINK IT  
25      WOULD BE VERY TIME PROHIBITIVE IN TERMS OF  
GETTING



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1 THE WORK DONE. WE WOULD SUGGEST, RATHER, PRE-  
2 QUALIFYING A NUMBER OF CONTRACTORS, ANY OF WHOM  
3 WOULD BE QUALIFIED TO DO THE WORK, SUCH THAT WHEN  
4 YOU GIVE US THE OKAY TO GO AFTER A SITE, WE WOULD  
5 HAVE CONTRACTORS AVAILABLE. WE WOULD THEN SEEK  
6 THE LOWEST QUALIFIED BID FOR THE SITE.

7 CHAIRMAN RELIS: SO THAT WOULD LEAD, I  
8 GUESS, TO THE NEXT POINT OF CLARIFICATION AT PAGE  
9 24 WHERE YOU REFER TO CONTRACTING MECHANISMS THAT  
10 WOULD ENABLE A CONTINUOUS FLOW OF FUNDING OVER THE  
11 REMAINING THREE YEARS SO THAT CLEANUP DELIVERY IS  
12 UNINTERRUPTED. IS THAT, THEN, THE MECHANISM SO  
13 YOU WOULD HAVE A CONTRACT SYSTEM THAT, AS MONEY  
14 WENT INTO IT, YOU WOULD HAVE IT ALL THOUGHT OUT  
15 AND IT CAN ROLL OUT?

16 MS. RICE: PERFECTLY THOUGHT OUT, YES.

17 CHAIRMAN RELIS: IN A MANNER OF SPEAKING.

18 MS. RICE: WHAT WE ARE SUGGESTING IS  
19 THAT, GIVEN THE REMAINING THREE YEARS OF FUNDING,  
20 THERE MAY BE A WAY TO ALLOW THE CONTRACTS TO BE  
21 ADDED TO OVER TIME OR AS YOU APPROVE CLEANUPS,  
22 TO  
23 HAVE FUNDING BECOME AVAILABLE FOR THEM.

24 MEMBER PENNINGTON: IT'S LIKE A  
25 BIDDER'S

24 LIST, DESCRIBE THE JOB AND LET THEM BID.  
25 MS. RICE: THAT'S CORRECT.

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1                   CHAIRMAN RELIS:   OKAY.   ON THE LINK TO  
2   END-USE REQUIREMENTS, PAGE 22 AND 23, YOU'VE  
3   SUGGESTED THAT IT MAY BE APPROPRIATE -- THIS IS  
4   QUOTE -- TO CONSIDER SOME LIMITS ON ADDITIONAL  
5   COST IN PURSUING END USE FOR TIRES REMEDIATED WITH  
6   STATE FUNDS.   AND ONE IDEA WOULD BE TO NOT HAVE  
7   THE COST GREATER THAN 10 PERCENT THAN THE COST OF  
8   LAND DISPOSAL.   THAT'S ONE THOUGHT.   IS THAT  
9   GENERALLY YOUR THINKING?

10                  MS. RICE:   THAT WAS A NUMBER PUT OUT FOR  
11   DISCUSSION PURPOSES.   STAFF ARE OF THE OPINION  
12   THAT WE NEED DIRECTION FROM THE BOARD IN TERMS OF  
13   WHAT IS THE UPWARD BOUND OF ADDITIONAL COST THAT  
14   IS APPROPRIATE FOR GOING TO END USE.   WE, OF  
15   COURSE, VERY STRONGLY SUPPORT END USE WHEREVER  
16   POSSIBLE.

17                         BUT WE DID FIND THAT IN ATTEMPTING  
18   TO WORK WITH THE '95-'96 CONTRACT AND THE  
19   OPEN-ENDED NATURE OF THE END-USE REQUIREMENT WHERE  
20   EACH CLEANUP, AS I UNDERSTAND IT, WOULD HAVE COME  
21   BACK ON A CASE-BY-CASE DETERMINATION FOR WHETHER  
22   THE END-USE COST WAS PROHIBITIVE OR NOT, WE ARE  
23   JUST SUGGESTING THAT SOME UP-FRONT CRITERIA AND  
24   GUIDANCE MAY HELP FACILITATE AND MAKE THE CLEANUP  
25   PROCEED MORE QUICKLY SO THAT IT'S NOT A



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1 CASE-BY-CASE DETERMINATION. TEN PERCENT WAS JUST  
2 THROWN OUT TO SPUR YOUR THOUGHT.

3 CHAIRMAN RELIS: OKAY. ANY COMMENTS?  
4 OKAY. MOVING ON TO THE ENFORCEMENT FOR COST  
5 RECOVERY AND CLEANUP, ATTACHMENT 1, PAGES 27 TO  
6 31, WHICH OUR CONSULTANT PROVIDED US.

7 NOW, IN THAT ATTACHMENT 1, THE  
8 STATEMENT IS MADE THAT 85 PERCENT OF THE SITES IN  
9 FLORIDA AND 72 PERCENT OF THE SITES IN WISCONSIN  
10 WERE ABATED BY RESPONSIBLE PARTIES DUE TO RIGOROUS  
11 ENFORCEMENT OF COST RECOVERY. AND THEN THERE'S  
12 A -- THIS RAISES THE QUESTION IN MY MIND, AT  
13 LEAST, THAT THE CONSULTANT HAS STATED THAT COST  
14 RECOVERY WAS EFFECTIVE IN THOSE STATES WHERE THE  
15 HIGHEST REMEDIATION HAS OCCURRED.

16 AND WE'D LIKE STAFF'S TAKE AND  
17 PERHAPS THE CONSULTANT'S ON THIS BECAUSE WE HAVE  
18 DISCUSSED AT THE BOARD A GREAT DEAL ABOUT THIS  
19 ISSUE OF COST RECOVERY. WE'VE DISCUSSED IT IN THE  
20 2136 ORPHAN SITE PROGRAM AND NOW HERE. AND AT  
21 LEAST IT APPEARS THE TWO STATES HAVE DONE PERHAPS  
22 MORE THAN CALIFORNIA HAS. AND IS THERE SOMETHING  
23 UNIQUE THERE THAT WE'RE MISSING?

24 MS. RICE: NO. I'M SURE OTHERS WOULD  
25 LIKE TO SPEAK TO THIS, BUT FROM MY PERSPECTIVE, I





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1        WOULD LIKE TO SAY THAT THE VERY FACT I UNDERSTAND  
2        THE BOARD APPROVED THE CLEANUP OF A NUMBER OF  
3        SITES AND MANY OF THEM WE HAVE NOT HAD TO EXPEND  
4        ONE STATE DOLLAR BECAUSE ENFORCEMENT AND THE  
5        THREAT OF COST RECOVERY COMPELLED THOSE PROPERTY  
6        OWNERS TO CLEAN UP THOSE TIRES ON THEIR OWN. SO I  
7        STILL BELIEVE THAT IT IS VERY TRUE THAT A STRONG  
8        ENFORCEMENT PROGRAM, COUPLED WITH THE THREAT OF  
9        COST RECOVERY, CAN GO A LONG, LONG WAY TO  
10       MAXIMIZING CLEANUP.

11                        SO I DON'T THINK THE STATEMENTS ARE  
12       NOT COMPARABLE; I THINK THEY ARE COMPARABLE. WHAT  
13       WE ARE FINDING ON THE OTHER EXTREME IS THAT SOME  
14       OF THE SITES ARE ON PROPERTY WHERE THE LANDOWNER  
15       HAS DIFFICULTIES ASSUMING RESPONSIBILITY. SO  
16       THEY'RE KIND OF TWO SEPARATE ISSUES.

17                        I DON'T THINK THE ONE MEANS THAT YOU  
18       SHOULD NOT PROCEED WITH STRONG ENFORCEMENT AND  
19       COST RECOVERY. THEY CAN ADD TO THAT OR MR. GRAY  
20       MAY WISH TO ADD TO THAT, BUT I DON'T FIND THAT THE  
21       STATEMENTS HE MADE IN HIS REPORT ARE AT ALL  
22       CONTRADICTORY TO OUR FINDINGS HERE. THEY'RE  
23       SPEAKING TO DIFFERENT ASPECTS OF THE PROBLEM.

24                        CHAIRMAN RELIS: MR. GRAY, DID YOU  
WANT

25        TO SAY ANYTHING?    ARE YOU OUR CONSULTANT  
NOW?

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1                   MEMBER PENNINGTON:   THIS IS ON US.

2                   MR. GRAY:   YOU'RE ASKING ME ABOUT A  
3   DOCUMENT I PREPARED FOR YOU, SO I GUESS I AM.

4                   I THINK THE REASON THAT POINT WAS  
5   MENTIONED IS THAT YOU HAVE VERY LIMITED RESOURCES  
6   TO DEAL WITH THE WHOLE PROBLEM IN THE STATE OF  
7   CALIFORNIA.   SO I WOULD HATE TO SEE THE STATE TAKE  
8   STEPS AT AN EARLY STAGE IN THEIR PROGRAM THAT  
9   JEOPARDIZED THE ABILITY TO IMPLEMENT COST RECOVERY  
10  BECAUSE COST RECOVERY HAS BEEN A TREMENDOUS  
11  EXTENSION OF RESOURCES IN THESE TWO OTHER STATES.  
12  AND YOU'RE ALREADY BEGINNING TO SEE SOME, AS WAS  
13  MENTIONED EARLIER, IN THE SITES THAT YOU HAVE  
14  WITHIN THE STATE.

15                  I THINK AS YOU LOOK LEGALLY AT THESE  
16  SITES, TRY TO REMEMBER THAT IS AN IMPORTANT  
17  COMPONENT IN STRETCHING YOUR RESOURCES.   AND IF  
18  YOU JEOPARDIZE IT, YOU MAY AMPLIFY YOUR PROBLEM.

19                  CHAIRMAN RELIS:   IF I COULD JUST ASK, MR.  
20  GRAY, IN THE CONTEXT OF CONTRACTING AND WHERE  
21  WE'RE LOOKING ALSO TO CREATE A MARKET, DO YOU SEE  
22  IN YOUR WORK NATIONALLY, DO YOU SEE A LINK BETWEEN  
23  CONTRACTING FOR CLEANUP AND END-USE REQUIREMENTS?

24                  MR. GRAY:   I REFERENCED IN THAT WRITEUP  
25  FLORIDA.   WE WORKED WITH FLORIDA -- WE WORKED WITH



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1        THEM FIVE YEARS SINCE REALLY THE DEVELOPMENT OF  
2        THE PROGRAM.  AND WE HAD SOME PLACES WHERE WE WERE  
3        ABLE TO USE ABATEMENT TO HELP IN THE INITIAL  
4        EVOLUTION OF NEW PROCESSORS OR WHATEVER.  YOU HAVE  
5        TO RECOGNIZE THAT INDIRECTLY YOU ARE SUBSIDIZING  
6        THOSE PEOPLE IN THE PROCESS.  YOU JUST HAVE TO  
7        RECOGNIZE IT; AND IF YOU CHOOSE TO DO --

8                CHAIRMAN RELIS:  AND THEY CHOSE TO DO  
9        THAT IN CASES IN FLORIDA?

10               MR. GRAY:  YEAH.  WE DID.  WE DID CHOOSE  
11        TO DO THAT.  WE HAD A NEW BIOMASS BURNING UNIT  
12        THAT WAS ABLE TO USE 20 PERCENT TIRES COMING ON,  
13        AND WE HAD A MAJOR STOCKPILE WITHIN TEN MILES OF  
14        THAT THAT NEEDED TO BE ABATED AT THE TIME.  AND SO  
15        THEY USED THOSE STOCKPILED TIRES AS THEIR INITIAL  
16        SOURCES OF TIRES WHILE THEY WERE BUILDING ONGOING  
17        MARKET.  SO IT DIDN'T DISPLACE EXISTING SUPPLIERS  
18        TO THEM.  IT ALLOWED THEM TO GRADUALLY BUILD UP  
19        THEIR MARKETPLACE.

20               FLORIDA ALSO HAD MORE MONEY THAN  
21        THEY NEEDED.  THE LEGISLATURE SWEEP 25 MILLION OF  
22        UNUSED FUNDS OUT OF THEIR TIRE FUND BECAUSE THERE  
23        WAS NO PROSPECT OF EFFECTIVELY UTILIZING THOSE.  
24        THAT'S NOT A SITUATION YOU HAVE, AND THAT'S THE  
25        POINT I TRIED TO MAKE.  THERE -- EVEN THOUGH SOME



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1       OF THE OTHER STATES HAVE DONE THESE THINGS, THE  
2       CONDITIONS THAT LED TO THOSE BEING SUCCESSFUL  
3       THERE YOU DON'T REALLY HAVE HERE.

4               MEMBER CHESBRO:   WHEN YOU SAY SUBSIDIZE,  
5       YOU MEAN AS COMPARED TO THE COST OF DISPOSAL IN A  
6       LANDFILL?

7               MR. GRAY:   YES.

8               MEMBER CHESBRO:   WHAT DO YOU MEAN BY  
9       SUBSIDY?

10              CHAIRMAN RELIS:   WOULD THAT BE LIKE THAT  
11      10 PERCENT NUMBER THAT STAFF THREW OUT?

12              MR. GRAY:   SOME OF THE CASES IN FLORIDA.  
13      FLORIDA MADE THE DECISION NOT -- ON THE STATE  
14      FUNDED ABATEMENTS, NOT TO HAVE THEM JUST BE  
15      SHREDDED IN LANDFILL EVEN THOUGH IT WAS LEGALLY  
16      ALLOWED.   BUT IN SOME CASES THE PREMIUM COST  
17      ASSOCIATED WITH UTILIZING A RESOURCE RECOVERY  
18      ALTERNATIVE WAS AS MUCH AS A HUNDRED PERCENT  
19      HIGHER.

20              MEMBER CHESBRO:   THAT IS WHAT YOU MEANT  
21      BY SUBSIDY, THE INCREMENTAL INCREASE IN COST.

22              MR. GRAY:   YEAH.   AND THAT MONEY  
23      EFFECTIVELY WENT TO SUPPORT THAT PROCESSOR WHO  
24      ACCEPTED THE TIRES OR WHATEVER.   IT WAS AN  
25      INDIRECT SUBSIDY OF THAT PERSON.





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1                   MEMBER CHESBRO: IF YOU SENT IT TO THE  
2 LANDFILL, YOU WOULD BE SUBSIDIZING THE LANDFILL  
3 TOO. I MEAN YOU'RE PAYING THE COST OF --

4                   MR. GRAY: NO. THE POINT I'M MAKING IS  
5 THAT THAT PROCESS COULD HAVE GOTTEN TIRES PROBABLY  
6 FROM ONGOING GENERATION. MAY NOT HAVE GOTTEN IT  
7 AT THE PRICE THAT THEY HAPPEN TO HAVE IN THAT BID  
8 FOR THAT ABATEMENT. IN SOME CASES IT WAS A HIGHER  
9 PRICE THAN IT WOULD HAVE BEEN ACCEPTING ONGOING  
10 GENERATION.

11                  MEMBER CHESBRO: I SEE.

12                  CHAIRMAN RELIS: THANK YOU. MOVING ON TO  
13 PAGE -- TO CEMENT KILNS. STAFF HAS SUGGESTED  
14 SEVERAL OPTIONS, CONTINUING EMISSIONS TESTING,  
15 FORMAL POLICY, PUBLIC EDUCATION. WHAT  
16 SPECIFICALLY WOULD WE BE DOING BY WAY -- IF WE  
17 CHOOSE THIS OPTION AND FUND IT BY WAY OF  
18 ADDITIONAL TESTING, AND HOW DO WE VERIFY WHY THAT  
19 WOULD -- THAT ADDITIONAL TESTING WOULD OR COULD  
20 MAKE A DIFFERENCE?

21                  MS. TRGOVCICH: DO YOU WANT ME TO SPEAK  
22 SPECIFICALLY TO CEMENT KILN, OR WAS YOUR QUESTION  
23 ALSO TO THE COAL?

24                  CHAIRMAN RELIS: WELL, I SUPPOSE -- WHY  
25 DON'T YOU JUST DO BOTH.



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1                   MS. TRGOVCICH: STAFF MAY WANT TO PROVIDE  
2 MORE DETAIL TO THIS, AND I'LL ASK MARTHA TO SPEAK  
3 TO IT. BUT AS IT RELATES TO CEMENT KILNS, WHAT IT  
4 IS -- WHAT WE PROPOSED HERE IS A COMMITMENT IN THE  
5 FORM OF A HUNDRED THOUSAND DOLLARS ON THE BOARD'S  
6 PART TO FURTHER ANY TESTING NEEDS THAT MAY BE  
7 IDENTIFIED THROUGH THE WORK THAT IS CURRENTLY  
8 ONGOING RIGHT NOW IN THE EVALUATION OF THE TEST  
9 RESULTS AND TO FURTHER PUBLIC EDUCATION EFFORTS AS  
10 A RESULT OF THE OUTCOME OF THOSE EFFORTS AS WELL.

11                   KIND OF IN THE SENSE OF RECOGNITION  
12 AROUND THE TREMENDOUS POTENTIAL FOR THIS  
13 PARTICULAR MARKET SECTOR, PUTTING OUR MONEY INTO  
14 THAT FRAMEWORK TO SAY WHATEVER THE NEEDS ARE  
15 COMING OUT OF THE EXISTING TESTING PROCESS, WE'LL  
16 MAKE A COMMITMENT TO FURTHER THAT.

17                   AS IT RELATES TO THE COAL-FIRED  
18 COGENERATION FACILITIES, IT'S VERY SIMILAR IN THAT  
19 RESPECT. THIS IS A VERY LARGE POTENTIAL MARKET.  
20 AND SO WHAT WE'RE PROPOSING HERE ARE FUNDS THAT  
21 WOULD BE MADE AVAILABLE FOR, MOST LIKELY,  
22 COMBUSTION AND EMISSIONS TESTING. WE WOULD  
23 CERTAINLY BE LOOKING AT COMING BACK TO YOU IN  
THIS  
24 AREA IN RECOGNITION OF THE LARGE POTENTIAL

HERE.  
25  
INCLUDE

THE TYPES OF TESTING COULD

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1 FUEL PARTICLE SIZE AND INTRODUCTION LOCATION,  
2 FURNACE CONDITIONS, BOILER EFFICIENCIES, ASH  
3 RESIDUE ANALYSIS, EMISSIONS TESTING FOR CRITERIA  
4 POLLUTANTS AND HEAVY METALS. YOU HEARD SOME OF  
5 THAT DISCUSSED THIS MORNING IN TERMS OF WHAT KIND  
6 OF WORK HAS BEEN DONE AND WHAT HAS YET TO BE DONE.

7 AND THERE IS ALSO, ONCE AGAIN, A  
8 PUBLIC EDUCATION COMPONENT IN THERE AS WELL. SO  
9 THE FUNDS THAT ARE RECOMMENDED HERE ARE IN  
10 RECOGNITION OF THE LARGE POTENTIAL, AND WE WOULD  
11 CERTAINLY BE COMING BACK TO YOU FOR GREATER  
12 DEFINITION AROUND THE SPECIFIC CONTRACTS IN THIS  
13 AREA.

14 CHAIRMAN RELIS: WHAT DO YOU HAVE IN MIND  
15 BY WAY OF PUBLIC EDUCATION?

16 MS. TRGOVCICH: IN TERMS OF GETTING  
17 INFORMATION OUT AROUND THE NATURE OF THE RESULTS  
18 OF THE TESTING, EDUCATING THE PUBLIC ON, YOU KNOW,  
19 THE POTENTIAL IMPACT OF THESE TYPES OF OPERATIONS.  
20 I THINK THAT THAT'S SOMETHING THAT WE WOULD  
21 CERTAINLY WANT TO DEVELOP FURTHER FOR YOU, BUT TO  
22 PROVIDE THE PUBLIC AND THOSE LIVING NEAR THESE  
23 FACILITIES.

24 WE'VE BEEN IN ONGOING CORRESPONDENCE  
25 RIGHT NOW WITH ONE PARTICULAR LOCATION IN NORTHERN



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1 CALIFORNIA WHERE A FACILITY WAS PROPOSING TO  
2 LOCATE TO TRY TO BE ABLE, THROUGH A CONTRACTOR, AN  
3 INDEPENDENT PARTY, PROVIDE INFORMATION AND  
4 ANALYSIS AND SUPPORT FOR THAT PARTICULAR TECHNO-  
5 LOGY, NOT THE SPECIFIC PLANT. WE ARE NOT  
6 PROPOSING IN ANY OF THIS TO PROVIDE FACILITY  
7 SPECIFIC SUPPORT.

8 MEMBER CHESBRO: IF THE FACILITY YOU ARE  
9 TALKING ABOUT IS THE ONE I THINK IT IS, IT'S UP  
10 THE RIVER FROM MY HOME IN ARCATA. AND I KNOW THAT  
11 IT'S BEEN EXTREMELY CONTROVERSIAL. AND SO I WOULD  
12 WANT TO PUT A CAVEAT. WHILE I CERTAINLY WANT US  
13 TO BE A GOOD SOURCE OF INFORMATION, I THINK THE  
14 BOARD -- THE COMMITTEE SHOULD SERIOUSLY CONSIDER  
15 THAT.

16 I THINK WE ALSO WANT TO REALLY  
17 DEFINE THE QUESTION OF WHETHER OR NOT WE'RE IN A  
18 POSITION TO BE ANY KIND OF AN ADVOCATE IN THE  
19 LOCAL PROCESS BECAUSE THERE'S A LOCAL DECISION-  
20 MAKING PROCESS THAT NEEDS TO GO ON AND BE  
RESOLVED

21 AT THE LOCAL LEVEL THAT I'M NOT SURE THAT AS THE  
22 STATE WE WANT TO BE THERE TYING TO FORCE ON  
23 PEOPLE, EVEN THOUGH I VERY MUCH BELIEVE IN THESE  
24 APPLICATIONS OF THE TIRES.





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1       IN THIS REGARD IS MORE DISSEMINATION OF INFORMA-  
2       TION AROUND THE TECHNOLOGY AND THE RESULTS OF THE  
3       TESTING AND ANALYSIS THAT WE HAVE CONDUCTED. WE  
4       RECOGNIZE --

5               CHAIRMAN RELIS: AS AN OBJECTIVE AGENCY.

6               MS. TRGOVCICH: EXACTLY. AS AN INFOR-  
7       MATION SOURCE, PROVIDING THAT BROAD PERSPECTIVE.

8               CHAIRMAN RELIS: MS. GILDART.

9               MS. GILDART: JUST ONE REMARK IN RESPONSE  
10      TO MR. CHESBRO'S COMMENT. THE FACILITY HE'S  
11      REFERRING TO BURNS WOODWASTE. WHAT WE'RE  
12      PROPOSING HERE IS TO LOOK ONLY AT THE COAL-FIRED  
13      FACILITIES THIS TIME BECAUSE OF THE SIMILARITIES  
14      BETWEEN COAL AND TIRES. WE THINK THERE'S A  
15      GREATER TRANSFER.

16              MEMBER CHESBRO: I WASN'T REFERRING TO  
17      DETAILS. I WAS REFERRING TO THE POLITICS. I  
18      THINK THE POLITICS COULD BE THE SAME IN A  
19      NEIGHBORHOOD WHETHER IT WAS A CEMENT KILN, COAL  
20      PLANT, A WOODWASTE COGENERATION PLANT. I THINK  
21      IT'S JUST -- THE QUESTION IS OUR ROLE IS WHAT I  
22      WAS REFERRING TO, NOT NECESSARILY THE --

23              MS. GILDART: WE'RE PROPOSING TO HAVE A  
24      BODY OF DATA AVAILABLE FOR DECISION MAKERS, NOT TO  
25      MAKE THE DECISION FOR THEM.



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1                   CHAIRMAN RELIS:   NEXT ITEM CONCERNED THE  
2   PROPERTY OWNER REIMBURSEMENT DISCUSSION, PAGES 20  
3   TO 21.   THERE WAS A QUESTION OF STATUTORY  
4   AUTHORITY RAISED IN THIS, AND I BELIEVE YOUR  
5   RECOMMENDATION WAS IT WAS SOMETHING THAT NEEDED  
6   FURTHER WORK.

7                   MS. RICE:   STAFF DID NOT PROPOSE A  
8   RECOMMENDATION ON THE ISSUE, BUT I BELIEVE KATHRYN  
9   CAN ADD TO WHAT I SAY, THAT WE WERE SIMPLY STATING  
10  IN THE WRITEUP THAT THE LAW DOES NOT STATE  
11  SPECIFICALLY ONE WAY OR THE OTHER WHETHER  
12  REIMBURSEMENT OF THIS KIND WAS FORESEEN BY THE  
13  LEGISLATURE.

14                  MS. TOBIAS:   THAT'S CORRECT.

15                  CHAIRMAN RELIS:   WOULD YOU SAY THAT ONE  
16  MORE TIME?   I WAS JUMPING AHEAD.

17                  MS. RICE:   SIMPLY THAT THE STAFF  
18  WRITEUP -- THAT WAS ON PURPOSE -- THE WRITEUP  
19  REFLECTS OUR UNDERSTANDING THAT THE LAW DOES NOT  
20  SPECIFICALLY STATE ONE WAY OR THE OTHER WHETHER IT  
21  WAS FORESEEN THAT THE STATE WOULD BE REIMBURSING  
22  FOLKS FOR CLEANING UP SITES.

23                  MS. TOBIAS:   IN OTHER WORDS, DOES NOT  
24  ADDRESS THIS.

25                  MS. RICE:   IT NEITHER SPECIFICALLY



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1 PRECLUDES OR SPECIFICALLY AUTHORIZES IT, WHICH IS  
2 WHY WE FELT IT WAS APPROPRIATE TO DESCRIBE IT HERE  
3 AS A POLICY ISSUE FOR YOUR CONSIDERATION AND  
4 DISCUSSION BECAUSE WE FIND NOTHING THAT EITHER  
5 SPECIFICALLY PRECLUDES IT NOR PROVIDES FOR IT.

6 CHAIRMAN RELIS: OKAY. NEXT IS THE  
7 OTR/MELP DISCUSSION, PAGE 21, 22. AND THERE'S A  
8 QUESTION ABOUT WHAT IS THE CURRENT STATUS OF  
9 PAYMENTS BY OTR FOR FINANCIAL ASSURANCE  
10 REQUIREMENTS.

11 MS. RICE: DID YOU WISH TO COVER THAT  
12 TODAY OR IN THE PERMIT UPDATE, WHICH IS COMING TO  
13 THE BOARD TOMORROW?

14 CHAIRMAN RELIS: I'D BE HAPPY TO -- I  
15 DON'T KNOW. WHAT'S THE PLEASURE OF THE COMMITTEE?  
16 I'LL BE HAPPY TO DEFER THAT IF YOU WISH.

17 MS. RICE: MY UNDERSTANDING --

18 CHAIRMAN RELIS: THAT WAS JUST --

19 MS. RICE: JUST A QUESTION. THE POLICY  
20 ISSUE THAT WAS POSED IN THE ITEM, I BELIEVE AT THE  
21 REQUEST OF OUTSIDE PARTIES, WAS THAT A NUMBER OF  
22 SUGGESTIONS HAVE COME FORWARD FROM OXFORD TIRE  
23 RECYCLING AND MODESTO ENERGY LIMITED PARTNERSHIP  
24 FOR ACCELERATING THE BURNDOWN OR BURNUP OR  
25 WHATEVER THE RIGHT TERM IS OF THE OXFORD FACILITY



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1       IN WESTLEY, CALIFORNIA.

2                       AND THERE IS A BRIEF DISCUSSION IN  
3       YOUR ITEM OF THOSE TWO PROPOSALS, AS STAFF  
4       UNDERSTAND THEM, WITH AN ADDITIONAL MENTION THAT  
5       IN LOOKING AT OR THINKING ABOUT THOSE IDEAS, STAFF  
6       CAME UP WITH A THOUGHT OF KIND OF TAKING THAT  
7       CONCEPT OF ACCELERATING THE ELIMINATION OF THE  
8       PILE WITH SOME KIND OF COST RECOVERY OR REPAYMENT  
9       BY THE RESPONSIBLE PARTY FOR ANY EXPENDITURE OF  
10      STATE FUNDS. SO WE WERE SIMPLY PROVIDING A FORUM  
11      FOR DISCUSSION OF THAT ISSUE BY THE BOARD.

12                   CHAIRMAN RELIS: WELL, I THINK, DEPENDING  
13      ON WHAT OTHER COMMITTEE MEMBERS HAVE, THAT COVERS  
14      THE LIST THAT I HAD DOWN. I DON'T KNOW IF WE WANT  
15      TO BRING IT -- ARE THERE OTHER ISSUES THAT YOU  
16      WANT TO BRING UP? AND THEN I THOUGHT MAYBE WE  
17      COULD GO BACK TO PUBLIC COMMENT, THESE WILL BE  
18      TIMED AND SHORT, TO WRAP UP THE PUBLIC TESTIMONY  
19      PART, AND THEN MOVE INTO -- WELL, YOU WERE GOING  
20      TO GIVE US A POLICY SUMMARY.

21                   MS. RICE: DID YOU WANT TO SPECIFICALLY  
22      RETURN TO THE ADDITIONAL POLICY OPTIONS THAT ARE  
23      LISTED IN THE ITEM AND WORK THROUGH THOSE?

24                   CHAIRMAN RELIS: YES. UNLESS THERE ARE  
25      ANY OTHER TECHNICALLY ORIENTED COMMENTS THAT WE





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1 WERE MAKING VIS-A-VIS THE STAFF REPORT.

2 MEMBER GOTCH: I DO HAVE A COUPLE OF  
3 OTHER TECHNICAL QUESTIONS. I CAN WAIT OR DO YOU  
4 WANT ME TO GO AHEAD?

5 CHAIRMAN RELIS: SURE. PLEASE.

6 MEMBER GOTCH: REGARDING THE PILOT LEA  
7 AGENCIES, IS STAFF SUGGESTING THAT THE LEA'S BE  
8 TRAINED TO PERMIT, INSPECT, AND SITE NEW  
9 FACILITIES OR ONLY EXISTING FACILITIES WHICH DON'T  
10 HAVE PERMITS?

11 MS. RICE: NO. THIS SPEAKS VERY DIRECTLY  
12 TO THE QUESTION THAT MR. RELIS POSED ABOUT THE  
13 EFFECTIVENESS OF COST RECOVERY AND OUR ABILITY TO  
14 DEAL WITH THESE SITUATIONS. WHAT WE ARE FINDING  
15 IS THAT WITH TWO STATE STAFF TOTAL FOR THE ENTIRE  
16 STATE, WE ARE WOEFULLY UNABLE TO INSPECT WHAT IS  
17 OUT THERE IN THE FIELD.

18 ANY ESTIMATES THAT WE HAVE GIVEN YOU  
19 TO DATE OF WHAT TIRE PILES ARE OUT THERE, HOW MANY  
20 TIRES ARE IN THEM IS ONLY BASED ON WHAT THOSE TWO  
21 VERY GOOD STAFF PEOPLE HAVE BEEN ABLE TO FIND.  
22 AND ANY EFFORTS AT ENFORCEMENT, DEVELOPING A  
23 RECORD FOR COST RECOVERY HAS BEEN WHAT THEY HAVE  
24 BEEN ABLE TO DO IN ASSISTANCE AND AIDED BY OUR  
25 LEGAL OFFICE.



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1                   WHAT WE ARE SUGGESTING HERE IS  
2       GRANTS TO LEA'S IN THE AREAS OF THE STATE WHICH  
3       HAVE EXHIBITED THE LARGEST PROLIFERATION OR  
4       ACCUMULATION OF TIRE-RELATED PROBLEMS, ISSUES.  
5       AND WE ARE SUGGESTING A GRANT TO THESE IDENTIFIED  
6       LEA'S TO ASSIST THEM IN ACQUIRING A STAFF PERSON  
7       TO DO THE KIND OF WORK THAT WE FIND OURSELVES  
8       UNABLE TO DO AT EFFECTIVE LEVEL AT THE STATE  
9       LEVEL.

10                   SO WE ARE ACTUALLY LOOKING FOR  
11       SOMEONE TO GO OUT THERE, DO THE INSPECTION, THE  
12       ENFORCEMENT, ATTEMPTING TO PERMIT. BUT WHAT WE  
13       ARE FINDING IN OUR ARENA IS THAT MOST OF THE SITES  
14       DO NOT WISH TO ACQUIRE A PERMIT. ONCE THEY'RE  
15       LOCATED AND ENFORCEMENT BEGINS, YOU ACTUALLY HAVE  
16       A SITE THAT GETS ADDED TO THE INVENTORY OF TIRE  
17       PILES ON OUR LIST.

18                   SO THAT IS THE SUGGESTION THERE,  
19       THAT IT IS NOT TO FACILITATE THE ABILITY OF NEW  
20       PILES BECAUSE THAT'S NOT REALLY THE ISSUE THAT'S  
21       OUT THERE. WHAT IS STILL OUT THERE AND A VERY  
22       REAL SITUATION IS DEALING WITH THE LEGACY THAT IS  
23       IN THE STATE AND THAT WE HAVE BEEN UNABLE TO  
24       ADEQUATELY TRACK AND BRING FORWARD FOR  
BEING  
25       ADDRESSED BECAUSE WE DO NOT HAVE THE STAFF



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1       RESOURCES TO DO IT.

2                   MEMBER GOTCH:   ONE OTHER QUESTION  
3       REGARDING THE HIGHWAY PATROL AND THE POLICE  
4       TRAINING.   ARE WE PLANNING TO CONTRACT WITH THE  
5       HIGHWAY PATROL TO DEVELOP AND TRAIN ITS PERSONNEL  
6       EXCLUSIVELY, OR WOULD THIS TRAINING BECOME PART  
OF  
7       THE PEACE OFFICERS STANDARDS AND TRAINING  
PROGRAM?

8                   MS. RICE:   YES.   WE ARE LOOKING AT  
HAVING  
9       THIS AVAILABLE TO ALL PEACE OFFICERS.   THE IDEA  
IS  
10      TO FULLY IMPLEMENT THE PROVISIONS OF THE MAZZONI  
11      BILL, WHICH ALLOW FOR POLICE OFFICERS TO TAKE  
PART  
12      IN THE TIRE PROGRAM AND, AGAIN, AUGMENT THE  
13      ENFORCEMENT THAT WE ARE ABLE TO DO WITH LIMITED  
14      STATE STAFF.

15                  MEMBER GOTCH:   ONE FOLLOW-UP ON THAT.  
16      WOULD THE BOARD BE COMBINING FUNDING FOR  
17      REIMBURSEMENT FOR PERSONNEL COST?

18                  MS. RICE:   AT THE CHP?   WE WERE NOT  
19      PROPOSING THAT.

20                  MEMBER GOTCH:   THANKS.

21                   MEMBER PENNINGTON:   I JUST HAVE ONE  
22       QUESTION.   I WONDER IF THERE'S ANYBODY OTHER THAN  
23       MR. LORMON, WHO IS HERE ON BEHALF OF MR.  
24       DILLINGHAM, IF THERE'S ANYBODY ELSE THAT WANTS TO  
25       COMMENT ON THE PROPERTY OWNER REIMBURSEMENT?







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1 NOT GOING TO GO DOWN THE LIST?

2 MS. RICE: IF YOU WOULD LIKE ME TO JUST  
3 GO THROUGH THEM ALL, I'D BE HAPPY TO DO THAT.

4 CHAIRMAN RELIS: YEAH. WHY DON'T YOU  
5 BRIEFLY, EVEN THOUGH WE'VE TOUCHED ON THEM.

6 MS. RICE: NEXT ONE ON THE PROPOSALS FOR  
7 OTR, I BELIEVE I DESCRIBED THAT SEVERAL PROPOSALS  
8 HAVE COME IN FOR WAYS TO ACCELERATE THE ELIMI-  
9 NATION OF THE PILE. IN ONE WAY OR ANOTHER THEY  
10 INVOLVE THE EXPENDITURE OF STATE TIRE FUNDS TO DO  
11 THAT MORE QUICKLY THAN WOULD OTHERWISE BE  
12 POSSIBLE.

13 STAFF IS SUGGESTING IN THE ITEM  
14 THAT  
15 YOU MAY WANT TO LINK ANY EXPENDITURE OF STATE  
16 TIRE  
17 FUNDS WITH SOME KIND OF COST RECOVERY. AGAIN,  
18 WE'RE KIND OF CONSISTENT WITH THAT THEME OF COST  
19 RECOVERY.

20 THE THIRD ITEM LISTED IS THE END-  
21 USE  
22 DISCUSSION, WHICH I BELIEVE WE ALREADY HAD.  
23 AGAIN, STAFF ARE VERY SUPPORTIVE OF THE BOARD'S  
24 GOALS, WE SHARE THOSE GOALS, OF LINKING CLEANUP  
25 WITH END-USE REQUIREMENTS. WE SIMPLY WANT TO

SEEK

23        GUIDANCE ON WHAT IS THE APPROPRIATE LEVEL AND

HOPE

24        TO KEEP THE THOUGHT IN MIND THAT ONE VERY

25        IMPORTANT GOAL OF THIS PROGRAM IS PUBLIC HEALTH

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1       AND SAFETY AND THE ENVIRONMENT AND PROTECTION  
FROM

2       FIRES AND OTHER HAZARDS.

3                       AND TO THE EXTENT THAT AVAILABLE  
4       CLEANUP FUNDS ARE LIMITED THROUGH SUBSIDIES FOR  
5       END USE, WHICH, AS WE HAVE HEARD, COULD BE AS  
MUCH

6       AS A HUNDRED PERCENT MORE THAN THE COST OF  
ANOTHER

7       WAY OF DEALING WITH THE PROJECT, YOU, IN A SENSE,  
8       CUT IN HALF OR MORE THE AMOUNT OF CLEANUP YOU ARE  
9       ABLE TO DO. SO THAT WAS THE ISSUE WE WERE  
10      PROPOSING THERE. AND I THINK CAREN WILL SPEAK TO  
11      THE LAST TWO.

12                   MS. TRGOVCICH: THE NEXT ITEM IS ONE  
THAT

13      WE TOUCHED ON BRIEFLY IN A SENSE RELATED TO THE  
14      CONTRACTS, AND THAT'S USE OF TIRES AS FUEL IN  
15      CEMENT KILNS. THE ISSUE WAS RAISED WHETHER OR  
NOT

16      THE BOARD WANTS TO CONSIDER ADOPTING SOME SORT OF  
17      POLICY IN SUPPORT OF THE USE OF TIRES AS FUEL IN  
18      CEMENT KILNS.

19                   WE'VE TAKEN A LOOK AT SOME OTHER  
20      POLICY STATEMENTS THAT HAVE BEEN PROVIDED OR HAVE

21        BEEN ESTABLISHED IN OTHER STATES, AND SOME OF THE  
22        CONCEPTS THAT HAVE BEEN INCLUDED IN THOSE SUPPORT  
23        DOCUMENTS INCLUDE PUBLIC EDUCATION AND  
INFORMATION  
24        DISSEMINATION.    SOME OF OUR THOUGHTS ALONG THOSE  
25        LINES, IF THE BOARD WANTED TO PURSUE IT, WOULD BE

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1 DEVELOPMENT, FOR EXAMPLE, OF SOME OF -- I HATE TO  
2 USE THE TERM -- BUT WHITE PAPER OR OVERVIEW  
3 DOCUMENT AROUND THE TECHNOLOGY ITSELF, WHAT IT  
4 DOES, HOW IT AFFECTS THE WASTE TIRE PROBLEM IN  
5 CALIFORNIA. AND THIS COULD BE USED, YOU KNOW, AS  
6 AN INFORMATION TOOL FOR LOCAL GOVERNMENTS,  
7 PROVIDED TO CONCERNED CITIZENS, ETC.

8 ANOTHER CONCEPT THAT WE'VE  
DISCUSSED

9 IS PERHAPS THE DEVELOPMENT OF A STANDARDIZED  
10 WORKSHOP WHERE LOCAL GOVERNMENTS INTERESTED IN  
11 PURSUING THE TOPIC AT THEIR LEVEL COULD PARTAKE  
OF  
12 A STANDARDIZED FORMAT WHICH WE WOULD HAVE  
13 DEVELOPED, WHICH WOULD INCLUDE SPECIFIC INFORMA-  
14 TIONAL ELEMENTS THAT WOULD PROVIDE AN OPPORTUNITY  
15 FOR LOCAL CITIZENS TO COME IN AND EXCHANGE THEIR  
16 THOUGHTS, THEIR IDEAS WITH INTERESTED LOCAL  
17 OFFICIALS AS WELL.

18 ANOTHER CONCEPT THAT WE DISCUSSED  
IN  
19 THE SAME VEIN WAS POTENTIALLY USING SOME OF THE  
20 EXISTING CAL/EPA INITIATIVES. FOR EXAMPLE,  
21 THEY'RE LOOKING AT PERMIT STREAMLINING  
INITIATIVES

22       AND LOOKING AT PILOT PROJECTS, FOR EXAMPLE, UNDER  
23       THE AB 1299 PROGRAM.   AND IT MAY BE SOMETHING TO  
24       CONSIDER PURSUING AND TALKING WITH THEM ABOUT  
25       LOOKING AT THESE TYPES OF FACILITIES AS ONE OF  
THE

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1       PILOTS UNDER THAT EFFORT.   SO UNDER THE GUISE OF  
2       AN OVERALL POLICY OR SUPPORT STATEMENT, THE BOARD  
3       COULD LOOK AT THOSE TYPES IF CONCEPTS.

4                   THE LAST POLICY ISSUE LISTED IS THE  
5       ADVISORY COMMITTEE.   DURING THE WORKSHOP THERE WAS  
6       TESTIMONY RECEIVED, INTEREST EXPRESSED IN THE  
7       ESTABLISHMENT OF AN EXTERNAL ADVISORY COMMITTEE  
8       WHICH WOULD PROVIDE INFORMATION THROUGHOUT OUTSIDE  
9       EXPERTS AND OTHER INTERESTED PARTIES TO ADVISE THE  
10      BOARD ON ITS PROGRAMS, THE COMPLEX NATURE OF THE  
11      PROGRAMS, AND ASSIST US AS WE DEVELOP OUR PROGRAM  
12      FOR THE NEXT THREE FUNDING CYCLES AS WELL AS ON  
13      INTO THE FUTURE.

14                   THOSE WERE THE LISTING OF THE POLICY  
15      ISSUES THAT WERE CONTAINED IN THE ITEM.   AND  
16      THAT'S JUST, ONCE AGAIN, INFORMATION FOR YOUR  
17      CONSIDERATION.

18                   CHAIRMAN RELIS:   OKAY.   WELL, THEN, THAT  
19      WRAPS UP THE STAFF PRESENTATION.

20                   MS. RICE:   UNLESS YOU WISHED US TO GO  
21      OVER OUR RECOMMENDATION FOR FUND ALLOCATIONS,  
22      WHICH WE WOULD BE HAPPY TO DO.

23                   CHAIRMAN RELIS:   WELL, I THINK YOU  
SHOULD

24      SUMMARIZE THAT, YES, INDEED.

25                   MS. RICE:   WE'LL BE BRIEF BECAUSE I

THINK



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1 WE'VE DISCUSSED MOST OF THESE ITEMS ALREADY.

2 FIRST OF ALL, WE ARE PROPOSING FOR THE FIRST TIME

3 AN LEA GRANT PROGRAM TO SIGNIFICANTLY AUGMENT OUR

4 ABILITY TO DO ENFORCEMENT, INSPECTION ACTIVITIES

5 IN THE FIELD. WE ARE ALSO PROPOSING AN INTER-

6 AGENCY AGREEMENT WITH THE HIGHWAY PATROL TO AGAIN

7 AUGMENT OUR ABILITY TO PROVIDE ENFORCEMENT OF TIRE

8 HAULERS AND MANIFEST REQUIREMENTS, FUNDS FOR THE

9 DEPARTMENT OF MOTOR VEHICLES TO ASSIST OUR ABILITY

10 TO TRACK LICENSE PLATES OF ILLEGAL HAULERS.

11 WE ARE SUGGESTING AN RFQ PROCESS TO

12 PREQUALIFY A NUMBER OF CONTRACTORS TO DO CLEANUP,

13 AND WE ARE SUGGESTING AN AMOUNT OF FUNDING THERE

14 FOR THAT EFFORT. WE ARE SUGGESTING THAT YOU MAY

15 ALSO WANT TO HAVE SOME AMOUNT OF FUNDS SET ASIDE

16 ANNUALLY FOR EMERGENCIES WHICH TEND TO COME UP.

17 MOST RECENTLY I'M SURE YOU RECALL

18 THE TWO TIRE FIRE SITUATIONS WHERE WE HAD REQUESTS

19 IN THE MOMENT FOR FUNDING ASSISTANCE FROM LOCAL

20 AGENCIES AND HAD A BIT OF A SCURRYING AROUND TO

21 FIND OUT THE WAY TO BE ABLE TO BE OF ASSISTANCE

22 TIMELY. AND SO THIS WOULD BE AN ACKNOWLEDGMENT OF

23 THAT NEED.

24 THE NEXT CATEGORY OF PRIORITY SITES

25 WHERE YOU FIND A BLANK OR A NO DOLLAR AMOUNT



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1 INDICATED, THIS WAS TO FACILITATE ANY DISCUSSION  
2 YOU MIGHT WISH TO HAVE ABOUT THE VARIOUS OTR  
3 PROPOSALS OR ANY OTHER PRIORITY SITES THAT YOU MAY  
4 FEEL YOU WANT TO ALLOCATE SPECIFIC FUNDS FOR.

5 THE LOCAL GOVERNMENT GRANTS ITEM,  
6 WHAT IS SUGGESTED THERE IS MATCHING GRANTS FOR  
7 TIRE PILE CLEANUP TO AGAIN AUGMENT WHAT WE ARE  
8 ABLE TO DO WITH STATE FUNDS. WE WOULD SEE THIS  
9 LINKING VERY CLOSELY WITH THE LEA GRANTS AND THE  
10 STATE FUNDED CLEANUP WHERE THERE MAY BE SITES THAT  
11 COME TO OUR ATTENTION THROUGH THE ACTIVITIES OF  
12 THE LEA'S THAT WE ENTER INTO GRANTS WITH TO DO  
13 INSPECTION AND ENFORCEMENT ACTIVITIES. SO THERE  
14 MAY BE INTEREST AT A LOCAL LEVEL TO ADDRESS THE  
15 SITUATION AND PROVIDE MATCHING FUNDS FOR IT.

16 AND LASTLY, WE ARE PROPOSING  
17 ADDITIONAL FUNDING FOR AN INTERAGENCY AGREEMENT  
18 WITH THE STATE FIRE MARSHAL TO UPDATE AND PROVIDE  
19 TRAINING TO FIRE PERSONNEL THROUGHOUT THE STATE IN  
20 LIGHT OF THE RECENT FIRES AND OUR FINDING THAT  
21 MANY FIREFIGHTERS HAVE NOT RECEIVED ADEQUATE  
22 TRAINING ON RESPONDING TO TIRE FIRES.

23 MS. TRGOVCICH: IN THE AREA OF MARKET  
24 DEVELOPMENT, ONCE AGAIN, WE FOLLOWED ON THE  
25 CONCEPT THAT WE WERE DISCUSSING EARLIER FOR LOCAL



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1 GOVERNMENT LOANS OR SOME OTHER SIMILARLY TARGETED  
2 LOAN PROGRAM. FOR THE 6-7 YEAR WE'RE LOOKING AT A  
3 \$500,000 AMOUNT TO BE DISCUSSED BY THE BOARD FOR  
4 FUTURE YEAR ALLOCATIONS.

5 COMPANION TO THAT IS WHAT WE  
6 IDENTIFY AS SPECIAL SERVICES, AND THAT WOULD BE  
7 THE PACKAGE OF SERVICES THAT WOULD BE PROVIDED  
8 EITHER AS PROPOSED BY L.A. COUNTY OR A SIMILAR  
9 ENTITY, PROVIDING SUPPORT AND ASSISTANCE TO THOSE  
10 APPLICANTS COMING IN UNDER THIS PROGRAM AS AN  
11 INCENTIVE.

12 THE NEXT TWO ITEMS, LEGAL SERVICES  
13 AND FINANCIAL SERVICES, ARE THOSE ITEMS WHICH GO  
14 ALONG WITH THE LOAN PROGRAM. THEY ARE THE  
15 ANALYSIS OF THE FISCAL SITUATION, THE ABILITY TO  
16 REPAY, AS WELL AS ANY ASSOCIATED LEGAL ANALYSES  
17 OR  
18 LEGAL SUPPORT THAT MAY NEED TO OCCUR AS A RESULT  
19 OF THESE LOANS.

20 ONCE AGAIN, AS WE DISCUSSED  
21 EARLIER,  
22 ANY ADDITIONAL ANALYSIS THAT WE MAY BE ASKING OUR  
23 CONSULTANT TO LOOK AT IN THIS AREA WOULD NEED TO  
BE AUGMENTED ACCORDINGLY BASED ON THIS DOLLAR  
AMOUNT.

24 THE FINAL TWO ITEMS, THE COAL COGEN  
25 AND CEMENT KILN, WE'RE LOOKING AT DOLLAR AMOUNTS

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1       THERE TO FURTHER EXISTING TESTING, TO DEVELOP NEW  
2       TESTING PROCEDURES FOR THE COAL-FIRED FACILITIES,  
3       AS WELL AS TO DISSEMINATE THIS INFORMATION IN A  
4       MANNER IN WHICH WE CAN USE THIS FOR PURPOSES OF  
5       EDUCATION, FOR EDUCATIONAL PURPOSES OUT THERE.

6                       AND THAT'S THE SCOPE OF THE STAFF'S  
7       RECOMMENDATION.

8                       CHAIRMAN RELIS:   QUESTIONS?  RECOMMEN-  
9       DATIONS HAVE BEEN MADE.  WE'VE HEARD THE STAFF  
10      REPORT.  WE'VE HAD THE INITIAL DISCUSSION, GONE  
11      THROUGH SOME OF THE TECHNICAL CONCERNS THAT HAVE  
12      BEEN RAISED BY VARIOUS COMMITTEE MEMBERS.  I THINK  
13      IT'S NOW TIME TO WRAP UP ANY TESTIMONY BASED ON  
14      WHAT'S BEEN PRESENTED IF THERE ARE PARTIES HERE  
15      WHO WISH TO COME FORWARD AND MAKE A STATEMENT.  I  
16      DON'T WANT YOU TO EXCEED FIVE MINUTES.  AND THEN  
17      WE WILL PROCEED WITH GOING THROUGH THE ACTION  
18      AGENDA, TAKING WHAT ACTION WE CAN TODAY.

19                      SO MICHAEL BYRNE.

20                      MR. BYRNE:     THANK YOU, MR. CHAIRMAN.  I  
21      GATHER THAT YOU WOULD RATHER HAVE US TAKE THE ITEM  
22      ON THE OTR/MELP PROPOSAL TOMORROW AT THE UPDATE OF  
23      THE OXFORD PERMIT, OR DO YOU WANT TO GET INTO THIS  
24      RIGHT NOW?

25                      MEMBER PENNINGTON:  I THINK WE HAVE TO DO





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1 IT HERE.

2 MR. BRYNE: VERY GOOD. THANK YOU. LET  
3 ME GIVE YOU A 30-SECOND OVERVIEW OF WHAT I'M GOING  
4 TO SAY TOMORROW WHEN WE DO AN UPDATE OF OUR  
5 PERMIT. THE PERMIT REQUIRES OXFORD TO REDUCE THE  
6 TIRE PILE BY 750,000 TIRES THE FIRST PERMIT YEAR  
7 AND AN ADDITIONAL 1,250,000 TIRES THE NEXT FISCAL  
8 YEAR OR THE NEXT PERMIT YEAR.

9 WE ARE GOING TO DO THAT. AND I'LL  
10 GET INTO EVERYTHING THAT WE'RE GOING TO DO  
11 TOMORROW.

12 TO SUMMARIZE OUR PROPOSAL, WE VIEW  
13 OUR PROPOSAL AS AN OPPORTUNITY, AN OPPORTUNITY FOR  
14 BOTH OXFORD TIRE RECYCLING AND FOR THE STATE OF  
15 CALIFORNIA. THERE'S A VERY BRIEF SUMMARY OF IT ON  
16 PAGE 22. AND THE SECOND SENTENCE OF THE PAGE KIND  
17 OF GETS INTO IT. IT SAYS BOTH PROPOSALS REQUEST  
18 THE BOARD PAY THE FEE FOR MELP TO BURN THE WASTE  
19 TIRES AND FOR STOCKPILE TIRES TO BE AN EXCLUSIVE  
20 SOURCE OF TIRES.

21 THE PROPOSAL THAT WE'RE MAKING TO  
22 YOU, IF THE BOARD ACCEPTS, IS WE WILL COMPLETELY  
23 STOP TAKING TIRES TO THE WESTLEY FACILITY, AND WE  
24 WILL FIND NEW HOMES FOR THESE TIRES. AND I MIGHT  
25 ADD NEW AND VERY EXPENSIVE HOMES FOR THESE NEW



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1       TIRES.

2                       THE OXFORD FACILITY AND THE  
3       ACTIVITIES THAT HAVE GONE ON THERE I VIEW AS A  
4       PERFECT EXAMPLE OF PUBLIC AND PRIVATE PARTNERSHIPS  
5       THAT GO ALL THE WAY BACK TO THE 1950S WHEN THE  
6       FACILITY WAS FIRST OPENED. IT WAS OPENED AS ED'S  
7       TIRE DISPOSAL, AND THEY TOOK THE TIRES AND THEY  
8       THREW THEM INTO THAT CANYON DOWN THERE. AND THE  
9       PEOPLE OF THE STATE OF CALIFORNIA PAID A VERY  
10      MINIMUM PRICE FOR DISPOSAL TO GET RID OF THOSE  
11      TIRES. THAT'S WHAT I VIEW THE FIRST PUBLIC  
12      PARTNERSHIP. YOU DON'T PAY MUCH AND WE'LL JUST  
13      GET RID OF THEM IN THIS FASHION.

14                     THEN THE MELP FACILITY WAS BUILT.  
15      AND THROUGH GOVERNMENT FINANCING, THE FACILITY  
16      BUILT THERE. ONCE AGAIN, IT WAS ANOTHER PUBLIC/  
17      PRIVATE PARTNERSHIP TO DEAL WITH THOSE TIRES  
18      COMING IN THERE, NOT ONLY THE TIRES THAT ARE AT  
19      THE PILE, BUT FOR TIRES TO COME INTO THE  
FACILITY.

20                     NOW, I VIEW THE PROPOSAL THAT WE  
21      HAVE BEFORE YOU NOW AS THE THIRD AND HOPEFULLY  
THE  
22      LAST PUBLIC/PRIVATE PARTNERSHIP THAT WILL HAVE TO  
23      BE REQUIRED AT THAT FACILITY. YOU KNOW, THE

24 ENVIRONMENTAL COMMUNITY HAVE BEEN VERY SUPPORTIVE  
25 OF OUR PROPOSAL PRIMARILY FOR THE FACT THAT WE

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1 WILL ELIMINATE 25 PERCENT OF THE TOTAL STOCKPILE  
2 OF TIRES IN THE STATE OF CALIFORNIA FOR A LITTLE  
3 BIT MORE THAN 5 PERCENT OF THE TOTAL MONEY YOU'RE  
4 DEALING WITH HERE.

5 WE HAVE A PROPOSAL, YOU KNOW, 1.2  
6 MILLION. I KNOW MELP HAS A HIGHER PROPOSAL THAN  
7 WE DO, MORE COSTLY. AND THE DIFFERENCES THERE ARE  
8 PRIMARILY ESTIMATES OF WHAT IT WILL TAKE TO GET  
9 THE TIRES FROM THE TIRE PILE TO THE CONVEYOR BELT.  
10 THIS IS NOT A SUBSIDY. I WANT TO BE VERY CLEAR  
11 ABOUT THIS. I KNOW PROBABLY A FEW SPEAKERS WILL  
12 COME UP AND SAY THAT YOU ARE -- THE PROPOSAL IS TO  
13 SUBSIDIZE A PRIVATE BUSINESS. THIS IS NOT A  
14 SUBSIDY BECAUSE UNDER THE EXISTING PERMIT  
15 CONDITIONS, WE WOULD PAY 16 CENTS A TIRE FOR THE  
16 TIRES TO BE BURNED AT THE FACILITY. AND WE HAVE  
17 TO FIND NEW HOMES FOR 750,000 TIRES. AND THOSE  
18 WILL PROBABLY COST US 150 PERCENT, 200 PERCENT  
19 MORE THAN WE'RE CURRENTLY PAYING.

20 AND THE FOLLOWING YEAR WE'LL HAVE TO  
21 DO THE SAME FOR 1,250,000 TIRES AND PAY THAT  
22 ADDITIONAL COST. UNDER OUR PROPOSAL WE HAVE TO  
23 PAY AN INCREASED COST FOR SIX MILLION TIRES A  
24 YEAR. IT'S QUITE A COSTLY PROPOSAL, BUT WHAT IT  
25 DOES, IT SEPARATES OUR FUTURE FROM MELP'S FUTURE.



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1                   RIGHT NOW WHEN MELP SHUTS THE  
2       BURNERS OFF OR WHATEVER, OXFORD HAS NO CONTROL OF  
3       THAT WHATSOEVER. WHEN THE FAVORABLE UTILITY RATES  
4       GO OUT IN DECEMBER OF '97, WE DON'T KNOW WHAT'S  
5       GOING TO HAPPEN. WE HOPE MELP WILL CONTINUE, BUT  
6       WE DON'T KNOW WHAT'S GOING TO HAPPEN WITH THAT  
7       FACILITY, SO IT SEPARATES THAT ONCE AND FOR ALL.

8                   LET ME REITERATE TOO, THE DIFFERENCE  
9       BETWEEN THE MELP PROPOSAL AND THE OXFORD PROPOSAL,  
10      I BELIEVE -- I HAVEN'T SEEN THE MELP PROPOSAL --  
11      BUT I BELIEVE IS THE COST OF GETTING TIRES FROM  
12      THE PILE TO THE BELT. AND I FEEL THAT MELP,  
13      OXFORD, AND STAFF COULD SIT DOWN AND GET TOGETHER  
14      AND GET BEYOND THAT PROBLEM.

15                  SO WITH THAT I'M AVAILABLE FOR  
16      QUESTIONS.

17                  MEMBER PENNINGTON: THE PERMIT YOU'RE  
18      OPERATING UNDER NOW YOU HAVE HAD FOR ROUGHLY SIX  
19      MONTHS; IS THAT CORRECT?

20                  MR. BYRNE: CORRECT, YES.

21                  MEMBER PENNINGTON: HOW MANY TIRES HAVE  
22      YOU BURNED IN THAT SIX MONTHS OFF THE PILE?

23                  MR. BYRNE: OFF THE PILE? I'VE GOT  
24      CHARTS. OFF THE TOP OF MY HEAD --

25                  MEMBER PENNINGTON: ARE YOU CLOSE TO





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1       375,000?

2               MR. BYRNE:   FOUR HUNDRED.

3               MEMBER PENNINGTON:   FOUR HUNDRED.   WHAT  
4       IS THE STATUS OF YOUR CLOSURE FUND?

5               MR. BYRNE:   UP-TO-DATE.

6               CHAIRMAN RELIS:   OKAY.   THANK YOU VERY  
7       MUCH.   ANY FURTHER?   MR. LORMON.

8               MR. LORMON:   I JUST HAVE TWO QUICK  
9       THINGS.   JOHN LORMON, REPRESENTING MR. PETER  
10      DILLINGHAM.   I DIDN'T HAVE MUCH TIME TO PREPARE  
11      FOR THIS BECAUSE I JUST SAW THE AGENDA YESTERDAY.  
12      I WAS UNAVAILABLE TO REALLY RESEARCH IT, AND I'D  
13      BE GLAD TO DO THAT IF THE BOARD'S PLEASURE WAS TO  
14      PROVIDE SOME FURTHER INFORMATION.

15              BUT IN MY QUICK LOOK AT MY NOTES  
16      HERE, I BELIEVE THE BOARD DOES HAVE THE STATUTORY  
17      AUTHORITY TO DO WHAT HAS BEEN ASKED OF IT TO BE  
18      DONE IN THE CASE OF THIS POLICY FOR REIMBURSEMENT  
19      OF INNOCENT LANDOWNERS.   AND I BELIEVE THERE ARE  
20      THREE SECTIONS THAT ARGUABLY ALLOW THAT, AND  
21      PARTICULARLY 42889, WHICH TALKS ABOUT THE MONEY IN  
22      THE TIRE RECYCLING FUND SHALL, UPON DISCRETION OF  
23      THE BOARD, BE ABLE TO BE USED FOR CLEANUP AND  
24      ABATEMENT.   AND THAT'S ESSENTIALLY WHAT THIS IS.  
25      IT'S A REIMBURSEMENT FOR CLEANUP AND ABATEMENT OF



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1 A SITE.

2 I THINK THERE ARE TWO OTHER SECTIONS  
3 IN THE STATUTE THAT PROVIDE FOR SUCH AUTHORITY.  
4 AND I'D BE GLAD TO CITE THOSE TO THE BOARD.

5 THE OTHER ITEM IS THE PRIORITIZATION  
6 OF THE CLEANUP PROGRAM THAT THE STAFF MAY HAVE OR  
7 THE BOARD MAY HAVE. I THINK OBVIOUSLY THE POLICY  
8 COULD INCLUDE DISCRETION FOR THE BOARD TO PLACE A  
9 SITE THAT HAS BEEN CLEANED UP WITHIN LINE OF ITS  
10 PRIORITIES FOR REIMBURSEMENT.

11 I KNOW IN COMING UP HERE TODAY IN  
12 THE PLANE, THE SMOKE WAS COMING IN FROM THE FIRES  
13 DOWN IN SAN DIEGO COUNTY INTO THE CABINS AS WE ARE  
14 ASCENDING OUT OF SAN DIEGO. AND THE SITE I'M  
15 THINKING OF, FOR EXAMPLE, EACH SITE WOULD BE FACT  
16 SPECIFIC, HAS GONE TEN TIMES IN TWO YEARS IN THE  
17 NUMBER OF FIRES THAT IT'S EXPERIENCED IN THAT  
18 AREA. AND REMOVING A HUNDRED FIFTY THOUSAND TIRES  
19 REALLY SHOULD BE CONSIDERED AS A VALUABLE ASSET  
20 AND HELP TO THIS STATE IN TERMS OF GETTING RID OF  
21 A PROBLEM.

22 SO I THINK THE POLICY ITSELF WOULD  
23 BE SITE-SPECIFIC, IT WOULD BE FACT DRIVEN, AND IT  
24 WOULD ALLOW THE BOARD THE OPPORTUNITY TO RETAIN  
25 THE DISCRETION TO MAKE DECISIONS AS TO WHERE THE



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1       MONEY GOES.   AND I DO THINK YOU HAVE THE STATUTORY  
2       AUTHORITY TO DO THAT.   THANKS.

3               CHAIRMAN RELIS:   ANYONE ELSE?   COME  
4       FORWARD NOW OR HOLD YOUR PEACE.

5               MR. MICHAEL:   MR. CHAIRMAN, MEMBERS OF  
6       THE COMMITTEE AND BOARD MEMBERS, JUST VERY  
7       QUICKLY.   A LOT OF THINGS HAVE BEEN SAID TODAY.   I  
8       JUST WANT TO RECAP THAT WE DO HAVE CONCERNS ABOUT  
9       THE ABILITY OF ATTRACTING LOCAL GOVERNMENT TO  
10      EXPENDITURES THROUGH A LOAN PROGRAM.

11              WE HAVE, I THINK, A SUCCESSFUL  
12      PROGRAM THAT WE'RE GOING TO CONTINUE.   WE'RE JUST  
13      ASKING FOR A LITTLE ADDITIONAL HELP TO BE ABLE TO  
14      PROVIDE SOME TECHNOLOGY TRANSFER TO OTHER PUBLIC  
15      AGENCIES AND CONTRACTORS, PRIVATE AGENCIES IN THE  
16      STATE.   AND IT'S NOT A RESEARCH CENTERED PROJECT.  
17      IT'S TO BE ABLE TO REFINE WHAT WE ALREADY KNOW AND  
18      TO CONTINUE WITH THAT AND DEVELOP A MARKET FOR  
19      TIRES IN OUR RUBBERIZED ASPHALT FACILITIES TOO.

20              CHAIRMAN RELIS:   THANK YOU.

21              MR. VOLKER:   MR. PENNINGTON, GLAD TO SEE  
22      YOU.   I'VE HEARD SO MUCH ABOUT YOU.   MR. RELIS,  
23      I'M BACK.   FLOYD VOLKER, RETIRED SERVICEMAN.

24              ANYWAY, I BROUGHT BACK ONLY A  
25      PORTION OF WHAT I TOLD YOU LAST WEEK, LAST MONTH



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1        THAT WE WERE DOING.    AND THE MOCKUP FACILITY THAT  
2        THE TWO ORGANIZATIONS THAT I HAVE BEEN WORKING  
3        WITH -- AND BY THE WAY, IT WAS A REVERSE VOLUNTEER  
4        THING.    I VOLUNTEERED AS VFW COMMANDER TO LOOK FOR  
5        SOMETHING TO DEAL WITH HEALTH AND TURNED AROUND  
6        AND, BECAUSE I'M WITH THE POLITICAL LEGISLATIVE  
7        PORTION OF VFW, ASKED TO SEE IF I COULD DO  
8        SOMETHING TO ASSIST THIS TYPE OF RECYCLING  
9        PROGRAM.

10                        SO I GOT KIND OF DOUBLE-WHAMMIED ON  
11        THIS.    BUT WHAT IS SITTING IN FRONT OF YOU NOW  
12        SHOWS HOW, THROUGH MY EDUCATION, I BECAME VERY  
13        SIMPLE.    YOU CAN TAKE THOSE BABY JARS AND LIFT  
14        THEM OFF.    I PUT VELCRO SO YOU CAN LIFT IT UP.

15                        I KNOW THE REST OF YOU HAVEN'T SEEN  
16        THIS, BUT THIS IS NEW TECHNOLOGY.    I KNOW I HAVE  
17        EIGHT MORE MEMBERS, AND IF STAFF WANTS ANY, LET ME  
18        KNOW, BUT EATING ALL THAT BABY FOOD IS REALLY  
19        GETTING TO ME.

20                        BUT HOWEVER, UNDER THIS NEW  
21        TECHNOLOGY, WHICH IS REALLY OLD, THIS PYROLYSIS.  
22        AND LAST TIME WE KIND OF GOT SHOT DOWN BECAUSE THE  
23        GENTLEMAN SAID PYROLYSIS DOESN'T WORK.    WELL, I  
24        TOLD THE BOARD I'D SHOW THEM IT DID.    SO IN THOSE  
25        BABY JARS, THE VERY FIRST ONE IS SHREDDED RUBBER.





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1 HAS TO BE SHREDDED FIRST. THEN WHEN IT GOES  
2 THROUGH THE PROCESS, THE NEXT JAR IS OIL. NOW,  
3 YOU CAN TAKE THE LID OFF AND YOU CAN SMELL AND SEE  
4 HOW TOXIC THAT OIL IS.

5 I DON'T KNOW WHAT IT WILL DO TO YOU  
6 IF YOU SMELL IT TOO LONG. IN EVERY TIRE THERE'S  
7 ALMOST A GALLON OF OIL IN IT. OKAY. THE NEXT  
8 THING SITTING NEXT TO IT IS THE STEEL THAT SOME  
9 TIRES HAVE STEEL BELTS, SOME OF THEM DON'T. BUT  
10 THE STEEL IS ALSO EXTRACTED FROM THE TIRE. AND  
11 THE FAR RIGHT IS CARBON BLACK. OKAY.

12 NOW, CARBON BLACK ISN'T NEW. THEY  
13 WERE DOING THIS BACK IN THE '40S, AND IT WAS  
14 CALLED RAMFLEX. OKAY. NOW, I DON'T KNOW WHY  
15 WE'RE WAITING TILL 1990 AND LET OREGON'S  
16 UNIVERSITY GIVE US A STUDY BECAUSE, LIKE I SAID,  
17 I'M HERE TO SUPPORT YOU PEOPLE.

18 CHAIRMAN RELIS: WE'RE NOT WAITING FOR  
19 1990.

20 MR. VOLKER: UNIVERSITY OF BERKELEY --  
21 NO, I'M TELLING YOU THESE STUDIES ARE THERE.  
22 UNIVERSITY OF BERKELEY IN 1976, AND I THINK IT WAS  
23 A LITTLE EARLIER, BUT I KNOW FOR SURE HAS TESTED  
24 THE CARBON BLACK. CALTRANS HAS PUT THIS IN THE  
25 FREEWAYS IN NORTHERN CALIFORNIA AND IN SOME



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1 PORTIONS OF THE DESERT AREA. IT HAS BEEN DONE.

2 THERE IS A BOOKLET. AND IF YOU  
3 WOULD CONTACT THE COMPANY, THEY'LL BE MORE THAN  
4 GLAD TO GIVE YOU THAT RESEARCH. AND THE YEARS  
5 THAT THEY DID. THEY DONE PARKING LOTS IN  
6 BAKERSFIELD. THEY'VE UTILIZED THIS.

7 WHAT I'M TRYING TO SAY AND TO CUT  
8 THIS SHORT IS THAT ONE MACHINE THAT THIS COMPANY  
9 HAS WILL DO 7,200 TIRES A DAY AND WILL DO EXACTLY  
10 WHAT'S SITTING UP THERE TO THE TIRE. AND THE  
11 CARBON BLACK DOESN'T CREATE ANY KIND OF TOXIC  
12 MATERIALS, NOR WILL IT BURN. IT'S NOT FLAMMABLE.  
13 AND FOR HEALTH REASONS, EVEN IF WE COULD LOCATE A  
14 MARKET FOR THE CARBON BLACK, WHICH WE SHOULD BE  
15 ABLE TO PUT IT IN OUR FREEWAYS, IT'D REALLY HELP  
16 OUR FREEWAYS, IT WOULDN'T CATCH ON FIRE, IT  
17 WOULDN'T BE RAT INFESTED, AND THE MOSQUITOES  
18 WOULDN'T LAY THEIR EGGS IN IT. OKAY?

19 SO IF YOU ARE ASKING FOR A  
SOLUTION

20 FOR A TIRE, MAYBE BETWEEN THE STAFF AND THAT  
LOAN

21 AND THAT, WE COULD GET WITH THEM, AND TO HELP  
YOU

22 OUT, SOME OF THIS ABATEMENT PROGRAM, YOU COULD

23        TAKE THOSE OTHER TIRES THAT THESE OTHER  
COMPANIES

24        OUT HERE AREN'T TAKING -- I DON'T KNOW HOW MANY  
IS  
25        LEFT OUT OF 30 MILLION -- AND REALISTICALLY KNOW

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1        THAT IT WAS -- ON THAT ABATEMENT, YOU COULD PUT  
2        THEM ON A RAILROAD OR A TRUCK OR SHRED THEM AND  
3        GET THEM UP TO WHEREVER THIS MACHINE IS GOING TO  
4        BE.  AND THAT'S WHAT THE TIRE IS GOING TO END UP  
5        BEING.  THE OIL -- I DIDN'T PUT ONE BABY JAR IN  
6        THERE BECAUSE IT'S FUEL GAS.  AND GAS IS GAS.  YOU  
7        CAN'T SEE IT.  BUT YOU CAN TAKE THIS GAS AND IT  
8        CAN BE USED FOR -- REALLY YOU COULD DRIVE THE  
9        BUSES HERE IN SACRAMENTO.  IT'S REALLY EFFICIENT.

10                BUT WHAT I WANT TO REITERATE IS I'M  
11        HERE.  I SAID I WOULD SUPPORT YOU.  IF I CAN GET A  
12        LIST OF THE PEOPLE THAT DIDN'T GET A SAMPLE OF  
13        WHAT I HAD TO SHOW YOU, BECAUSE I THINK IT'S  
14        IMPORTANT, THIS HERE IS GOING TO HELP.  IT WILL  
15        HELP THE ENVIRONMENT, AND I THINK IT WILL HELP  
16        SOLVE A REAL SITUATION.  IF YOU REALLY WANT TO TRY  
17        TO GET RID OF SOME OF THESE TIRES, THAT MACHINE  
18        WILL EAT IT UP.  AND I DON'T KNOW IF YOU HAVE ANY  
19        QUESTIONS OF ME.

20                CHAIRMAN RELIS:  ANY QUESTIONS?

21                MR. VOLKER:  I GOT SOME HIGH TECH PEOPLE  
22        AROUND HERE.

23                CHAIRMAN RELIS:  OKAY.  WE DON'T HAVE ANY  
24        QUESTIONS.  WE APPRECIATE YOUR PRESENTATION AND  
25        THE JARS.



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1                   MR. VOLKER:   OKAY.   BUT IF YOU LOOK INTO  
2   IT, YOU FIND IT CAN GET RID OF THOSE TIRES IF YOU  
3   WANT.

4                   CHAIRMAN RELIS:   THANK YOU.

5                   MR. TOMEO:   HI.   GOOD AFTERNOON.   MY NAME  
6   IS ED TOMEO.   I'M REPRESENTING MODESTO ENERGY  
7   LIMITED PARTNERSHIP.   I'M VICE PRESIDENT OF UNITED  
8   AMERICAN ENERGY CORP AND SUBSIDIARY ORGANIZATIONS  
9   THAT ARE RESPONSIBLE FOR THE OPERATION.   AND I  
10   GUESS JOE GRECO WAS ORIGINALLY SIGNED UP TO MAKE  
11   THE PRESENTATION, BUT HE'S IN HIS CAR CONDUCTING  
12   ANOTHER MEETING AT THE MOMENT, SO STEPPING IN ON  
13   HIS BEHALF.

14                   I'M HERE NOT TO PRESENT SUCH AN  
15   ESOTERIC PRODUCT AS OUR LAST SPEAKER, BUT REALLY  
16   TO GET BACK TO THE MELP AND OTR TIRE PILE MATTER.

17                   I DID END UP WITH A PROP AS A THANKS  
18   TO THE "BUSINESS WEEK'S" OCTOBER 21ST ISSUE WHERE  
19   THEY, ONCE AGAIN, HAVE THE PICTURE OF THE TIRE  
20   PILE WITH THE LITTLE CAPTION IN THE CORNER "TIRE  
21   DUMP CALIFORNIA."   AND THE CAPTION IS BASICALLY  
22   TALKING ABOUT DUMP THEM, YOU BREAK THE LAW.  
23   RECYCLE IMPROPERLY, YOU BREAK THE LAW.   MEANWHILE  
24   MORE TIRES JUST CAME IN.

25                   BASICALLY THIS IS A MATTER OF





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1 NATIONAL FOCUS EVEN THOUGH WE LIKE TO THINK OF IT  
2 AS MAYBE OUR OWN LITTLE STATE PROBLEM HERE. THE  
3 PROPOSAL WE HAVE MADE -- WELL, LET ME BACK UP REAL  
4 BRIEFLY JUST TO TALK ABOUT MODESTO ENERGY. I  
5 THINK EVERYBODY KNOWS MODESTO IS THE LARGEST  
6 SINGLE TIRE CONSUMER IN THE STATE OF CALIFORNIA,  
7 BURNING THE TIRES TO GENERATE ELECTRICITY AND  
8 PRODUCE USEFUL BY-PRODUCTS.

9 THE NEXT CLOSEST IS REALLY, SAY, AN  
10 INDUSTRY AS A WHOLE. THE CEMENT INDUSTRY IS  
11 BURNING APPROXIMATELY THE SAME NUMBER OF TIRES AS  
12 THIS SINGLE FACILITY DOES. WE CONTINUE TO PROVIDE  
13 A VALUABLE SERVICE TO THE STATE OF CALIFORNIA,  
14 WHICH IS TO GET RID OF AN ENVIRONMENTAL PROBLEM IN  
15 AN ENVIRONMENTALLY SAFE MANNER AND TURN IT INTO A  
16 USEFUL PRODUCT.

17 AND, IN FACT, MR. PENNINGTON  
18 OBSERVED EARLIER THE CONSUMPTION OF THE TIRE PILE  
19 IS THE REMOVAL OF A POTENTIAL ENVIRONMENTAL  
20 TRAGEDY. AND TODAY I'M HERE TO TALK MORE ABOUT  
21 THE PILE THAN MELP. WE WILL, I'M SURE,

CONTINUE

22 TO WORK WITH THE BOARD AND STATE LEGISLATURE  
IN  
23 TRYING TO SECURE A FINANCIAL FUTURE FOR

MODESTO.

24 I THINK MOST OF THE PARTIES HERE  
25 KNOW THAT AS A RESULT OF OUR POWER CONTRACT

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1 PRICING CHANGE, THAT BY SEPTEMBER OF 1997 OUR  
2 REVENUE STREAM WILL CHANGE DRAMATICALLY TO THE  
3 NEGATIVE, I'M SORRY TO SAY. AND WE ARE LOOKING  
4 FOR INITIATIVES THAT WILL TAKE CARE OF OUR  
5 LONG-TERM ECONOMIC INTERESTS SO THAT WE CAN  
6 CONTINUE TO PAY THE DEBT SERVICE TO OUR BANKS.  
7 AND ALTHOUGH WE ARE THE OWNERS OF THE PROJECT, I  
8 HAVE DISCUSSED BEFORE THAT WE'RE ALSO A SERVICE  
9 PROVIDER TO THOSE BANKS. THAT'S OUR MAIN ROLE IS  
10 THE WORKOUT PEOPLE.

11 BUT BASICALLY MELP, THE PROPOSAL WE  
12 HAVE MADE IS TO WORK WITH THE BOARD TO CONSUME THE  
13 TIRES FROM THE PILE. AS I MENTIONED, SEPTEMBER  
14 '97 IS A VERY SHORT PERIOD OF TIME AWAY. OUR  
15 ABILITY TO CONSUME SIX MILLION TIRES A YEAR PER  
16 YEAR HAS TO BE BASED ON ECONOMIC RATIONALE. AS  
17 BUSINESS MANAGERS HERE, WE HAVE TO LOOK OUT FOR  
18 THE BEST FINANCIAL INTEREST OF THIS FACILITY. AND  
19 IF WE HAVE AN OPPORTUNITY, FOR INSTANCE, TO TAKE A  
20 CURTAILMENT, WHICH WE HAVE IN PREVIOUS YEARS  
21 THROUGH NEGOTIATION WITH PG&E, AND FIND THAT  
22 OPERATING THIS FACILITY IS MORE -- I'M SORRY --  
23 NOT OPERATING THIS FACILITY IS MORE ECONOMICALLY  
24 BENEFICIAL THAN OPERATING, WE WILL DO THAT. BUT  
25 THE PROPOSAL AT HAND IS BASICALLY TO BEGIN BURNING



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1 THE TIRES FROM THE PILE.

2 OTR RECENTLY MADE A PROPOSAL AND  
3 STOOD UP AND REPRESENTED THAT THEY WOULD LIKE TO  
4 WORK ON THAT PROCESS AS WELL. HOWEVER, I THINK IT  
5 IS IMPORTANT TO NOTE THAT RIGHT NOW OTR IS NO  
6 LONGER OUR EXCLUSIVE TIRE SUPPLIER. WE HAVE THE  
7 ABILITY TO GO TO THE TIRE MARKET FROM MANY OF THE  
8 REPRESENTATIVES IN THIS ROOM FOR TIRE DISPOSAL.  
9 WE ARE SEEKING PROPOSALS RIGHT NOW FROM OTHER  
10 PARTIES IN THIS ROOM FOR TIRE DISPOSAL, HOPEFULLY  
11 AT HIGHER TIP FEES THAN WHAT WE HAVE RECEIVED IN  
12 THE PAST.

13 RIGHT NOW OTR OWES THE PROJECT A  
14 SIGNIFICANT SUM OF MONEY FOR TIRES THAT HAVE BEEN  
15 BURNT. AND WE ARE CONTINUING TO BURN TIRES AS  
16 THEY ARE BRINGING THEM IN; HOWEVER, WE ARE LOOKING  
17 TO, AS I MENTIONED, LOOK FOR OTHER SUPPLIES.

18 THE TIRE PILE ITSELF REPRESENTS SUCH  
19 A SUPPLY. THE PROPOSAL THAT WE HAVE MADE WOULD  
20 CONSUME THAT TIRE PILE AT A COST THAT I WOULD  
21 CHALLENGE WOULD BE LOWER THAN ANY REMEDIATION  
22 PROJECT THAT THE STATE HAS UNDERTAKEN. AND THAT  
23 IS ALSO THE REMEDIATION OF WHAT I BELIEVE IS THE  
24 STATE'S LARGEST TIRE PILE.

25 BUT THE MOST IMPORTANT COMPONENT



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1        HERE THAT WE HAVE TO ADDRESS IS TIMING.  THIS PILE  
2        USES, SOME OF THE RECENT FIGURES, SIX OR SEVEN  
3        MILLION TIRES REPRESENTS A ONE-YEAR FUEL SUPPLY  
4        FOR MELP.  I MENTIONED TO YOU ALREADY THAT  
5        SEPTEMBER '97 IS THE DATE THAT WE'RE VERY  
6        CONCERNED ABOUT BECAUSE I CAN PROVIDE NO ASSURANCE  
7        WE'LL OPERATE BEYOND THAT.  SO THAT'S A ONE-YEAR  
8        SUPPLY OF FUEL FOR US.

9                    IF THE STATE OF CALIFORNIA WISHES TO  
10       TAKE ADVANTAGE OF THE LOWEST PRICE REMEDIATION  
11       ALTERNATIVE THAT THEY CAN GET ON THAT PILE, I  
12       THINK WE SHOULD WORK TO EXERCISE THE PROPOSAL  
13       WE'VE MADE AS QUICKLY AS POSSIBLE AND BEGIN THE  
14       PROCESS OF GETTING RID OF THAT NUISANCE.  AND I  
15       WELCOME ANY QUESTIONS, AND I'LL TAKE A SHOT AS  
16       WELL AS I CAN AT THEM.

17                   MEMBER PENNINGTON:  ARE YOU BURNING ANY  
18       TIRES OFF THE PILE NOW, OR ARE YOU GETTING THEM  
19       FROM SOMEWHERE ELSE?

20                   MR. TOMEIO:  WE BASICALLY ARE BURNING  
21       TIRES AS THEY ARE DELIVERED TO THE TIRE DELIVERY  
22       AREA.  MELP HAD A CONTRACTUAL OBLIGATION WITH OTR  
23       TO BURN 250,000 TIRES OFF OF THE PILE THAT WE  
24       ACTUALLY WENT OUT AND RETRIEVED.  WE HAVE TAKEN  
25       CARE OF THAT OBLIGATION THIS YEAR.





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1                   THE STATEMENT WAS MADE THAT THERE'S  
2       BEEN 400,000 BURNED OFF THE PILE. I CAN'T  
3       SUBSTANTIATE THAT, BUT THAT DOES NOT SOUND LIKE AN  
4       UNREASONABLE NUMBER. WE BURN 500,000 A MONTH.

5                   CHAIRMAN RELIS: ANYONE ELSE WISH TO  
6       SPEAK?

7                   MR. TOMEO: THANK YOU.

8                   MR. SHEETS: GOOD AFTERNOON. MY NAME IS  
9       FRANK SHEETS. I'M WITH RIVERSIDE CEMENT COMPANY,  
10      AND I'M HERE REPRESENTING RIVERSIDE AND PROBABLY  
11      REPRESENTING THE CIEC, WHICH IS THE CEMENT  
12      MANUFACTURERS ENVIRONMENTAL CONSORTIUM. THOSE  
13      GUYS ARE SPREAD OUT TODAY AND DIDN'T GET AN  
14      OPPORTUNITY TO COME.

15                  A COUPLE OF POINTED COMMENTS,  
16      THOUGH, ON THE RECOMMENDATIONS. I ENCOURAGE OR  
17      THE CEMENT INDUSTRY HAS APPROACHED BOARD MEMBERS  
18      ON NUMEROUS OCCASIONS TO TRY AND SEEK A POLICY  
19      STATEMENT SUPPORTING THE USE OF TIRES IN THE  
20      CEMENT INDUSTRY AS A SUPPLEMENTAL FUEL. AND ON  
21      THAT -- AND I'M ENCOURAGED TO SEE THAT WE'RE  
22      GETTING SOME BUDGET TOWARDS THAT EFFECT.

23                  A WORD OF CAUTION, HOWEVER. AS WE  
24      RESEARCH INTO WHAT THE IMPLICATIONS ARE OR, YOU  
25      KNOW, WHAT THE BENEFITS OR THE PERCEIVED DOWNSIDE



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1        IS FROM THE PUBLIC, A LOT OF THESE ISSUES ARE  
2        RELATED TO PERHAPS AREAS THAT ARE COVERED BY OTHER  
3        AGENCIES, LIKE AIR. AIR IS A BIG ISSUE. SO I  
4        WOULD ENCOURAGE STAFF, AS THEY TO TRY TO WORK  
5        CLOSELY WITH ARB, AND I THINK MR. DUNLAP AND HIS  
6        STAFF WOULD BE MORE THAN HAPPY TO DO THAT, TO TRY  
7        TO COME UP WITH THE REAL PICTURE, SO TO SPEAK, TO  
8        BELAY SOME OF THESE PERCEPTIONS THE PUBLIC HAS ON  
9        THE USE OF TIRES AS FUEL.

10                    I SEE TWO CATEGORIES UP HERE.  
11        COGEN, COAL COGEN AND CEMENT KILNS. I THINK A LOT  
12        OF THE ISSUES ARE ONE IN THE SAME AS FAR AS  
13        PERCEPTION GOES. AGAIN, A BIG ISSUE IS AIR. AND  
14        STAFF MAY WANT -- STAFF AND BOARD MAY WANT TO  
15        CONSIDER LUMPING THOSE TWO TOGETHER. I THINK  
16        THERE'S A REPORT ONGOING THAT WAS IN LAST  
17        YEAR'S  
18        BUDGET THAT IS LOOKING AT THESE KINDS OF  
19        ISSUES.

20        THERE'S BEEN A CONTRACT ISSUE TO JAMES AND  
21        MOORE  
22        TO LOOK AT THAT. AND I BELIEVE THAT NOT JUST  
23        CEMENT KILNS ARE GOING TO BE LOOKED AT IN THAT  
24        REPORT, CORRECT ME IF I'M WRONG. OTHER END  
25        USES

22       FOR FUEL ARE GOING TO BE LOOKED AT.   SO YOU  
MAY

23       WANT TO LUMP THOSE TWO TOGETHER JUST TO  
EXPEDITE

24       THAT PROCESS.

25                   A GENERAL STATEMENT.   THE CEMENT

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1       INDUSTRY HAS WATCHED THE ACTIVITY OF THE BOARD  
2       OVER THE LAST FEW YEARS AND HOW THEY'VE TAKEN  
3       THESE MONIES AND APPLIED THEM AND WHATNOT. WE'VE  
4       NEVER ASKED FOR MONEY. WE'VE TRIED TO DO IT ON A  
5       STANDALONE BASIS USING CURRENT ECONOMICS AND  
6       CURRENT MARKET CONDITIONS TO MAKE OUR PROJECTS  
7       WORK. WE REALIZE THAT THE CEMENT INDUSTRY IS NOT  
8       THE SOLUTION IN TOTAL. WE ARE, YOU KNOW, AS MORE  
9       CEMENT KILNS COME ON LINE, WITH THE HELP OF THE  
10      PROGRAMS THAT YOU ARE TALKING ABOUT, THROUGH THE  
11      PERMITTING EFFORT, WE WILL CONSUME A LOT MORE  
12      TIRES IN THE STATE AND PROBABLY WILL END UP BEING  
13      THE LARGEST END USER OF TIRES TO A -- THE COMMENT  
14      THIS MORNING WAS FUEL, A LIMITED VALUE-ADDED  
15      APPLICATION.

16                   YOU KNOW, I'LL TAKE ISSUE WITH THAT  
17      BECAUSE MY PRODUCT HAS A LOT OF VALUE TO US AND TO  
18      THE STATE. AND WE THINK THE USE OF FUEL, WHETHER  
19      IT'S BEING TO MAKE A PRODUCT LIKE CEMENT OR TO  
20      GENERATE POWER, WHATEVER, THAT'S A GOOD  
21      APPLICATION.

22                   BUT WE JUST ENCOURAGE THE BOARD AS  
23      THEY GO THROUGH THIS BUDGET AND WHERE THEY THINK  
24      THESE DOLLARS ARE GOING TO GO TO HELP CREATE  
25      LONG-TERM SOLUTIONS, NOT SHORT-TERM SOLUTIONS THAT



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1 ARE SIMPLY WORKING AT THE MOMENT ON THE BASIS OF  
2 SUBSIDY. AND THAT'S ALL. THANKS. ANY QUESTIONS?

3 CHAIRMAN RELIS: QUESTIONS? OKAY. THAT  
4 CONCLUDES THE TESTIMONY. I THINK WE NEED A  
5 TEN-MINUTE PAPER BREAK, SO WE WILL RECONVENE AT  
6 FIVE AFTER AND CONCLUDE OUR BUSINESS.

7 (RECESS TAKEN.)

8 CHAIRMAN RELIS: CALL THE MEETING BACK TO  
9 ORDER. AND THE PUBLIC TESTIMONY HAS CLOSED.

10 MEMBER PENNINGTON: MR. CHAIRMAN, I HAVE  
11 JUST A COUPLE OF EX PARTES.

12 CHAIRMAN RELIS: EX PARTES, PLEASE.

13 MEMBER PENNINGTON: SPOKE WITH JOHN  
14 LORMON ABOUT THE PRIORITIZATION OF REIMBURSEMENT  
15 OF PRIVATE FUNDS, AND I SPOKE WITH JOHN JHANSEN  
16 WITH AQUIFUEL.

17 MEMBER GOTCH: I HAVE SEVERAL ALSO. JACK  
18 HANSON AND FLOYD VOLKER REGARDING IET PYROLYSIS,  
19 WHICH ARE THE BABY JARS, AND CARBON BLACK. AND  
20 RICKY JHANSEN OF AQUIFUEL. AND HAZEL BLANKENSHIP,  
21 WE WERE CUT OFF IN THE MIDDLE OF THE CONVERSATION,  
22 BUT END USE -- IT WAS REGARDING END USE.

23 CHAIRMAN RELIS: OKAY. I'D LIKE TO START  
24 OFF WITH TRYING TO FRAME, I THINK, WHERE WE ARE  
25 AND SUGGEST A FRAMEWORK THAT MIGHT BE CONSIDERED





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1 AS A POLICY BY THIS COMMITTEE TO RECOMMEND TO THE  
2 BOARD. WE'VE HEARD A LOT OF TESTIMONY, AND I GO  
3 BACK TO THE SEPTEMBER 5 WORKSHOP, AS WELL AS OVER  
4 THE LAST FEW YEARS WHEN WE HAD OTHER GATHERINGS OF  
5 EXPERTS ON TIRES, THAT ARE OUR PROBLEMS WITH  
6 LEGACY PILES AND WITH NEW WASTE TIRES GOING TO  
7 DISPOSAL WILL NOT BE SOLVED UNTIL WE HAVE A LARGER  
8 MARKET FOR TIRES. AT THE SAME TIME WE ARE CHARGED  
9 CLEARLY WITH STABILIZING OR REMEDIATING LEGACY  
10 PILES IN ORDER TO PROTECT PUBLIC HEALTH AND  
11 SAFETY.

12 WHAT IS AT ISSUE HERE IS HOW TO  
13 DEVELOP MARKETS THAT CAN ACCOMPLISH TWO THINGS:  
14 ABSORB THE NEW TIRES GENERATED ANNUALLY, THE  
15 APPROXIMATELY 10 MILLION ADDITIONALLY, AND  
16 GENERATE DEMAND OR A USE FOR THE TIRES REMOVED  
17 FROM THE LEGACY PILES, PARTICULARLY PILES POSING  
18 THE GREATEST HEALTH AND SAFETY THREATS.

19 AND I'M PLEASED TO SAY STAFF HAS  
20 SHARED WITH US YOUR RANKING OR YOUR INDICATION OF  
21 WHERE THOSE PILES ARE THAT DO CREATE THE GREATEST  
22 HEALTH AND SAFETY THREATS.

23 ACCORDINGLY, I WOULD LIKE TO PROPOSE  
24 THAT WE CONSIDER THE FOLLOWING EITHER TODAY OR  
25 TOMORROW BEFORE THE BOARD. IT MIGHT BE  
POLISHED



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1 MORE, BUT THAT WE ADOPT A GOAL TO SOLVE THE TWO  
2 MAJOR WASTE TIRE PROBLEMS FACING THE STATE, THE  
3 APPROXIMATELY 10 MILLION NEW WASTE TIRES GENERATED  
4 ANNUALLY FOR WHICH MARKETS DO NOT CURRENTLY EXIST  
5 AND, TWO, THE APPROXIMATELY 30 MILLION WASTE TIRES  
6 IN LEGACY PILES WHICH HAVE ACCUMULATED OVER  
7 DECADES AND WHICH PRESENT HEALTH AND SAFETY RISKS  
8 OF AN ONGOING NATURE.

9 TO CREATE A LONG-TERM SOLUTION, THE  
10 BOARD'S POLICY, IN MY VIEW, SHOULD BE TO, FIRST,  
11 FOCUS ON FOSTERING A LARGER MARKET FOR THE NEW  
12 WASTE TIRES GENERATED EACH YEAR AND TO, SECOND,  
13 BUT NOT -- WELL, I'LL QUANTIFY THIS IN A MOMENT --  
14 TO EXPLORE APPROPRIATE END USES FOR TIRES REMOVED  
15 FROM THE LEGACY PILES WITHOUT HARMING MARKETS FOR  
16 NEW WASTE TIRES BY SUBSTITUTING STOCKPILED TIRES  
17 FOR THOSE IN THE FLOW OF COMMERCE.

18 THIS IS A POINT THAT WAS MADE, I  
19 THINK, SEVERAL TIMES, THAT WE HAVE THIS  
DELICATE

20 BALANCING ACT BETWEEN THE LEGACY -- WE DON'T  
WANT

21 TO MAKE THE LEGACY PILES THE TIRES THAT DESTROY  
22 THE MARKET FOR THE ONGOING ONES. SO I WOULD  
URGE

23 US TO ADOPT A POLICY THAT STATES THIS. AND  
24 THEN -- SO I WOULD THROW THAT OUT FOR  
25 CONSIDERATION JUST AS A FIRST STEP BEFORE WE GO

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1 INTO THE SPECIFICS.

2 MEMBER PENNINGTON: MR. CHAIRMAN, I  
3 CERTAINLY HAVE NO PROBLEM WITH YOUR POLICY  
4 OBJECTIVES AND POLICY GOAL, AND I'D BE HAPPY TO  
5 MOVE WE ADOPT IT AS A POLICY STATEMENT OF THIS  
6 COMMITTEE AND THE BOARD.

7 MEMBER GOTCH: I'LL BE HAPPY TO SECOND  
8 THAT.

9 CHAIRMAN RELIS: OKAY. WELL, IT'S BEEN  
10 MOVED AND SECONDED, AND LET'S JUST VOTE.

11 THE SECRETARY: MEMBER GOTCH.

12 MEMBER GOTCH: AYE.

13 THE SECRETARY: MEMBER PENNINGTON.

14 MEMBER PENNINGTON: AYE.

15 THE SECRETARY: CHAIRMAN RELIS.

16 CHAIRMAN RELIS: AYE. AND WE'LL PROVIDE  
17 THAT LANGUAGE TO EVERYONE HERE AND BE READY FOR  
18 TOMORROW FOR THE BOARD MEETING.

19 MR. CHANDLER: MR. RELIS, ONE POINT OF  
20 CLARIFICATION. AS I UNDERSTAND IT, YOUR 10  
21 MILLION TIRES ARE TIRES THAT ARE COMING OFF THE  
22 ROADWAYS TODAY AND WHICH ARE NOT GOING TO  
23 DISPOSAL. AND, OF COURSE, THE 30 MILLION LEGACY  
24 TIRES, WERE YOU ANTICIPATING A TIME FRAME; IN  
25 OTHER WORDS, BETWEEN NOW AND THE YEAR 2000?



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1                   CHAIRMAN RELIS:   DIDN'T STATE A TIME  
2       FRAME.   I DON'T KNOW WHAT THE -- I'M NOT PREPARED  
3       HERE AND NOW TO PUT THAT IN A SPECIFIC FEW YEARS  
4       BECAUSE I THINK THERE'S SO MANY FACTORS RELATED  
TO  
5       THAT.

6                   NOW, WE -- WHAT I SUGGEST WE NOW  
DO  
7       IS GO THROUGH THE STAFF RECOMMENDATION LINE BY  
8       LINE AND TRY TO RESOLVE WHAT WE CAN DO TODAY;  
AND  
9       FOR THOSE ITEMS THAT WE DON'T HAVE AGREEMENT ON,  
10      DEAL WITH LATER.

11                  MEMBER PENNINGTON:   MR. CHAIRMAN, WOULD  
12      YOU LIKE TO MAYBE MOVE TO DISPENSE WITH TWO  
ITEMS  
13      BEFORE WE GO THROUGH?

14                  CHAIRMAN RELIS:   OH, YES.

15                  MEMBER PENNINGTON:   I THINK THE ONE I  
16      WOULD RECOMMEND THAT WE PUT OVER TO THE BOARD  
17      MEETING IS THE OTR/MELP SITUATION UNTIL WE CAN  
GET  
18      AN UPDATE FROM THEM.

19                  CHAIRMAN RELIS:   BECAUSE IT'S SO  
20      INTERTWINED WITH THE STATUS.

21                   MEMBER PENNINGTON:   RIGHT.   RIGHT.   SO  
I  
22       WOULD SUGGEST THAT WE PUT THAT OVER TO THE BOARD  
23       MEETING TOMORROW SO THAT WE CAN GET THE FULL  
24       UPDATE AND HAVE THE FULL BOARD, ALTHOUGH WE'VE  
GOT  
25       THE FULL BOARD HERE, AT LEAST HAVE A BETTER



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1 OPPORTUNITY TO HAVE SOME DISCUSSION. SO I WOULD  
2 MOVE THAT WE MOVE THAT TILL TOMORROW.

3 MEMBER GOTCH: I'LL SECOND.

4 CHAIRMAN RELIS: OKAY. IT'S BEEN MOVED  
5 AND SECONDED TO REFER THE OTR/MELP MATTER TO THE  
6 FULL BOARD TOMORROW.

7 MR. CHANDLER: MR. RELIS, YOU MIGHT JUST  
8 WANT TO POINT OUT THE REASON IS THAT, OF COURSE,  
9 WE HAVE DOCKETED FOR TOMORROW AT THE FULL BOARD  
10 MEETING AN UPDATE AS REQUESTED BY MS. GOTCH, THE  
11 SIX-MONTH ANNIVERSARY FROM THEIR DATE OF THE  
12 ISSUANCE OF THEIR PERMIT. WE'LL BE GETTING FROM  
13 THE OPERATOR AN UPDATE ON THE STATUS OF THEIR  
14 BURNDOWN OF TIRES, PERMIT STATUS, FINANCIAL  
15 ASSURANCE STATUS, THE WHOLE RANGE OF QUESTIONS  
16 THAT THE AGENDA ITEM FOR TOMORROW -- THE ITEM  
17 SPEAKS TO. SO IT'S APPROPRIATE TO DO THAT.

18 CHAIRMAN RELIS: I THINK THAT'S THE  
19 APPROPRIATE CONTEXT FOR THE MOTION. SO IT'S BEEN  
20 MOVED AND SECONDED. WE'LL CALL THE ROLL.

21 THE SECRETARY: MEMBER GOTCH.

22 MEMBER GOTCH: AYE.

23 THE SECRETARY: MEMBER PENNINGTON.

24 MEMBER PENNINGTON: AYE.

25 THE SECRETARY: CHAIRMAN RELIS.



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1                   CHAIRMAN RELIS:    AYE.

2                   MEMBER PENNINGTON:   MR. CHAIRMAN, I'D  
3   ALSO LIKE TO MOVE THAT WE POSTPONE A DECISION ON  
4   THE POLICY OF REIMBURSEMENT FOR PRIVATE TIRE  
5   CLEANUPS FOR A MONTH TO THE NEXT BOARD MEETING, TO  
6   THE NOVEMBER BOARD MEETING.

7                   CHAIRMAN RELIS:    IS THERE SOME DIRECTION  
8   TO STAFF THAT WE WOULD -- TO PREPARE THAT?

9                   MEMBER PENNINGTON:   NO.   I THINK IF WE  
10   JUST SET IT OVER.   I HAVE SOME QUESTIONS THAT I'D  
11   LIKE TO GO OVER.   THERE WAS SOME TALK ABOUT A  
12   LEGISLATIVE REMEDY.   I'D LIKE TO EXPLORE WHAT THE  
13   STAFF IS INTENDING THERE.   I'D LIKE TO JUST LOOK  
14   AT THE POLICY A LITTLE BIT MORE.

15                  CHAIRMAN RELIS:    GIVE IT MORE TIME.

16                  MEMBER PENNINGTON:   IF THAT'S OKAY.

17                  CHAIRMAN RELIS:    IT'S BEEN MOVED.   IS  
18   THERE A SECOND?

19                  MEMBER GOTCH:    SECOND.

20                  CHAIRMAN RELIS:    IT'S BEEN MOVED AND  
21   SECONDED.   WE'LL CALL THE ROLL.

22                  THE SECRETARY:    MEMBER GOTCH.

23                  MEMBER GOTCH:    AYE.

24                  THE SECRETARY:    MEMBER PENNINGTON.  
25   MEMBER PENNINGTON:   AYE.



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1 THE SECRETARY: CHAIRMAN RELIS.

2 CHAIRMAN RELIS: AYE.

3 MS. RICE: FOR CLARIFICATION, MR.

4 CHAIRMAN, WOULD THAT COME DIRECTLY TO THE BOARD IN

5 NOVEMBER OR TO THE COMMITTEE AGAIN?

6 MEMBER PENNINGTON: EITHER WAY IS FINE

7 WITH ME. I DIDN'T --

8 MS. RICE: WHAT'S THE PREFERENCE OF THE

9 COMMITTEE?

10 MEMBER PENNINGTON: WHAT WOULD THE

11 COMMITTEE LIKE TO DO?

12 MS. TOBIAS: IT SHOULD PROBABLY COME BACK

13 TO THE COMMITTEE. WE'RE REALLY NOT DISCUSSING IT

14 AT THIS TIME.

15 MS. RICE: NOVEMBER POLICY COMMITTEE.

16 MEMBER PENNINGTON: THANK YOU.

17 CHAIRMAN RELIS: ALL RIGHT. NOW, WE'RE

18 ON TO THE --

19 MEMBER GOTCH: ONE MORE. MR. CHAIRMAN,

20 THE LEGISLATIVE PACKAGE, WE MADE A MOTION TO

21 POSTPONE THAT OR --

22 MEMBER PENNINGTON: WELL, I DON'T THINK

23 THERE IS A PACKAGE. THAT'S ONE OF THE THINGS I'D

24 LIKE TO --

25 MS. TOBIAS: I THINK SHE'S TALKING



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1 ABOUT -- SHE'S TALKING ABOUT THE LEGISLATIVE  
2 PROPOSALS.

3 MS. RICE: THERE'S A WHOLE SECTION OF THE  
4 ITEM THAT LISTS LEGISLATIVE OPTIONS. I SUGGESTED  
5 AT THE OUTSET THAT YOU MAY WANT TO DEFER THAT TO  
6 SOME OTHER FORUM OR TIME. I THINK THAT'S WHAT MS.  
7 GOTCH IS REFERRING TO.

8 MEMBER GOTCH: THAT IS WHAT I WAS  
9 REFERRING TO. SO I WILL MOVE THAT WE DIRECT STAFF  
10 TO COME BACK TO NEXT MONTH'S POLICY MEETING. IS  
11 THAT TIME ENOUGH?

12 MEMBER PENNINGTON: FINE. SECOND.

13 CHAIRMAN RELIS: IT'S BEEN MOVED AND  
14 SECONDED TO REFER THE LEGISLATIVE PROPOSALS TO THE  
15 POLICY COMMITTEE.

16 MEMBER GOTCH: THAT'S FINE.

17 CHAIRMAN RELIS: WE'LL CALL THE ROLL.

18 THE SECRETARY: MEMBER GOTCH.

19 MEMBER GOTCH: AYE.

20 THE SECRETARY: MEMBER PENNINGTON.

21 MEMBER PENNINGTON: AYE.

22 THE SECRETARY: CHAIRMAN RELIS.

23 CHAIRMAN RELIS: AYE. OKAY.

24 NOW, ARE WE -- ADVISORY COMMITTEE.  
25 MEMBER PENNINGTON: I THINK WE HAVE AN





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1       ADVISORY COMMITTEE, SO I WOULD -- WE GOT A LOT OF  
2       ADVICE TODAY, AND I DON'T THINK THAT WE NEED AN  
3       ADVISORY COMMITTEE. I WOULD BE OPPOSED TO FORMING  
4       SOME KIND OF ADVISORY COMMITTEE.

5               MEMBER GOTCH: I'M GOING TO MOVE FOR AN  
6       ADVISORY COMMITTEE TO BE ESTABLISHED ON TIRES THAT  
7       IS SIMILAR TO THE RRAC, I GUESS IS WHAT I'M  
8       THINKING OF.

9               CHAIRMAN RELIS: DO YOU PROPOSE SOMETHING  
10      THAT'S MORE LIKE AD HOC OR A FORMAL BECAUSE  
11      ONCE -- IF WE FORM A FORMAL ADVISORY COMMITTEE,  
12      THEN WE HAVE THE STAFFING AND THE TRAVEL AND ALL  
13      OF THAT. I'M CONCERNED ABOUT THE BUDGETARY SIDE.  
14      COULD WE DO SOMETHING THAT'S INFORMAL?

15              MEMBER GOTCH: YES, WE COULD.

16              CHAIRMAN RELIS: CALLED AS NEEDED, BUT  
17      WE  
18      WOULDN'T BE BUDGETING IT?

19              MEMBER PENNINGTON: I THINK THAT'S  
20      MAYBE

21      A SUBCOMMITTEE OF A COMMITTEE. I JUST DON'T  
22      THINK

23      WE NEED IT. WE'VE GOT ALL THE ADVICE WE NEED.

24      WE'VE GOT A LOT OF PEOPLE HERE THAT ARE WILLING  
25      TO

22       COME AND TELL US WHATEVER IS ON THEIR MIND, AND  
23       WE'VE GOT STAFF, WE'VE GOT SIX BOARD MEMBERS. I  
24       THINK WE CAN DO THAT.  
25               MEMBER GOTCH: FIVE BOARD MEMBERS SO  
FAR.

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1                   MEMBER PENNINGTON: WE HAVE SIX SLOTS.

2                   CHAIRMAN RELIS: WELL, OKAY. SO THERE  
3 IS -- IS THERE -- I'LL SECOND IT JUST BECAUSE I  
4 THINK IT WOULD BE WORTHWHILE AS LONG AS IT  
5 WOULDN'T HAVE A BUDGETARY IMPACT. SO LET'S JUST  
6 CALL THE ROLL.

7                   THE SECRETARY: MEMBER GOTCH.

8                   MEMBER GOTCH: AYE.

9                   THE SECRETARY: MEMBER PENNINGTON.

10                  MEMBER PENNINGTON: NO.

11                  THE SECRETARY: CHAIRMAN RELIS.

12                  CHAIRMAN RELIS: AYE.

13                  MS. TRGOVCICH: MR. CHAIRMAN, CAN I JUST  
14 ASK FOR SOME CLARIFICATION ON THAT? WOULD STAFF  
15 THEN JUST WORK WITH YOUR OFFICES TO DETERMINE --

16                  CHAIRMAN RELIS: I SEE IT, AT LEAST MY  
17 VIEW, WOULD BE IT WOULD BE AN AD HOC. IF WE NEED  
18 IT, WE USE IT; IF WE DIDN'T, IT WOULDN'T -- WE  
19 AREN'T OBLIGATED TO MEET. I DON'T KNOW WHAT MS.  
20 GOTCH HAD IN MIND.

21                  MEMBER CHESBRO: MAY I JUST COMMENT THAT  
22 IN THE PAST WE'VE HAD SOME, I THINK WITH THE  
23 COMPOST REGS, FOR EXAMPLE, THAT WERE FAIRLY  
24 OPEN-ENDED. WE MOSTLY WANTED TO MAKE SURE THAT  
25 ALL THE INTERESTS KNEW THAT THE MEETING WAS  
TAKING



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1 PLACE AND THEN JUST -- BUT I THINK VERY FLEXIBLE  
2 IS MORE APPROPRIATE THAN THE SOLE APPOINTMENT  
3 PROCESS.

4 CHAIRMAN RELIS: SO THAT WILL BE TAKEN  
5 UP. OKAY. LET'S GO THROUGH NOW THE FUNDING  
6 PROPOSALS.

7 THE FIRST ONE CONCERNS THE PILOT  
LEA

8 GRANT PROGRAM. AND DOES ANYONE WANT TO COMMENT,  
9 MAKE A RECOMMENDATION HERE?

10 MEMBER GOTCH: MAY A MAKE A COMMENT ON  
11 SOMETHING EARLIER I SUGGESTED MAY BE A PROBLEM,  
12 AND THAT IS WITH THE LEGISLATIVE PACKAGE. I HAD  
13 DIRECTED STAFF TO COME BACK NEXT MONTH. IS THAT  
14 GOING TO BE A PROBLEM WITH THE CAL/EPA  
LEGISLATIVE

15 AS FAR AS TIMING?

16 MS. RICE: I DON'T BELIEVE SO. WE HAVE  
A

17 PROPOSAL IN THAT THAT IS FAIRLY GENERIC FOR THE  
18 TIRE PROGRAM, AND WHATEVER FURTHER ISSUE  
19 DEVELOPMENT WE DO I BELIEVE WOULD FOLD INTO THAT  
20 AT A LATER DATE.

21 CHAIRMAN RELIS: COMMENT ON THE LEA  
GRANT

22 PROGRAM? RECOMMENDATION? SUGGESTION? DIS-  
23 CUSSION?

24 MEMBER PENNINGTON: YOU KNOW, WE HAVE  
25 THIS --

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1                   CHAIRMAN RELIS:   THERE IS A QUESTION.

2       LET'S JUST GO BACK A SECOND.   IS THERE A PROBLEM,  
3       FOLLOWING ON WHAT MS. GOTCH SAID ABOUT THIS  
4       SCHEDULING OF THE LEGISLATIVE MATTER, WOULD THAT  
5       HAVE TO GO -- CAN YOU CALENDAR THAT IN TIME?  ARE  
6       THERE ANY TECHNICAL PROBLEMS?  I KNOW NEXT MONTH  
7       IS A SHORT --

8                   MS. RICE:   NOVEMBER POLICY COMMITTEE  
9       DEADLINES, ARE THEY ALREADY PAST?

10                  CHAIRMAN RELIS:  YEAH.  THAT'S WHAT I'M  
11       ASKING.  THAT'S WHY I RAISED THE QUESTION.  IS IT  
12       TOO LATE?

13                  MS. RICE:   IS IT TOO LATE TO DO AN  
14       AMENDED NOTICE?

15                  MS. TOBIAS:   YOU COULD MAYBE EVEN CATCH  
16       IT RIGHT NOW.  I KNOW I SIGNED OFF ON THEM TODAY.

17                  CHAIRMAN RELIS:  DO YOU WANT TO CATCH UP  
18       WITH US?

19                  MS. TOBIAS:   ACTUALLY SHE NOTICED IT  
20       TOMORROW.  THAT'S -- TEN DAYS TO POLICY IS  
21       TOMORROW.  PROBABLY EITHER CATCH UP TO PATTI  
22       TODAY

22       IF SHE HASN'T MAILED THEM YET.

23                  MEMBER GOTCH:   WHAT'S THE DATE OF THE  
24       POLICY?

25

MS. TOBIAS: THE 5TH, NOVEMBER 5TH.

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1                   MEMBER GOTCH:   THERE'S THE OPTION OF  
2       LEGISLATION AND PUBLIC EDUCATION COMMITTEE,  
WHICH

3       IS THE 14TH, I BELIEVE.

4                   MS. TOBIAS:   I THINK YOU'LL GET IT ON  
5       POLICY.

6                   CHAIRMAN RELIS:   WHAT'S THE PLEASURE?

7                   MEMBER PENNINGTON:   NEITHER YOU NOR I  
ARE

8       ON THAT COMMITTEE.   THAT'S THE PROBLEM.

9                   MS. TOBIAS:   I DON'T THINK -- I THINK  
10      IF -- RUBIA JUST WENT TO CHECK ON GETTING ON  
THE

11     POLICY AGENDA, AND I THINK THAT PATTI IS  
PROBABLY

12     MAILING TOMORROW.   I'M GUESSING.

13                   CHAIRMAN RELIS:   IF IT ISN'T A PROBLEM  
--

14                   MEMBER GOTCH:   NO PROBLEM.

15                   CHAIRMAN RELIS:   OKAY.   WELL, IF NO  
ONE

16     ELSE WANTS TO COME FORWARD, I WILL SUGGEST THAT  
WE

17     DECREASE THE LEA GRANT PROGRAM TO 200 K,  
200,000,

18 TO REFLECT THE PILOT NATURE OF THE PROGRAM AND  
19 CONSIDER EXPANDING IT TO 500 IN SUBSEQUENT  
YEARS  
20 IF WE HAVE AN EFFECTIVE EXPERIENCE WITH IT IN  
THE  
21 FIRST YEAR.  
22 MEMBER PENNINGTON: FINE WITH ME.  
23 MEMBER GOTCH: I WANTED TO ASK STAFF  
WHAT  
24 THE BASIS WAS FOR ARRIVING AT THIS SPECIFIC  
25 NUMBER.

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1                   MS. RICE: WE WERE LOOKING AT APPROXI-  
2                   MATELY 70,000 PER LEA JURISDICTION TO ALLOW ONE  
3                   FULL-TIME STAFF, SO ESSENTIALLY WITH 200,000, YOU  
4                   ARE LOOKING AT THREE LEA'S PERHAPS RATHER THAN THE  
5                   SEVEN WE HAD ENVISIONED BASED ON OUR SENSE OF  
6                   WHERE THE NEEDS ARE IN THE STATE.

7                   CHAIRMAN RELIS: WELL, I GUESS I STILL --  
8                   I'LL THROW THAT OUT AND SEE IF THERE'S ANY SUPPORT  
9                   FOR IT.

10                  MEMBER PENNINGTON: THAT'S FINE WITH ME.

11                  CHAIRMAN RELIS: YOU MAKING A MOTION?

12                  MEMBER PENNINGTON: SURE. ARE WE GOING  
13                  TO GO THROUGH AND MAKE A MOTION ON EVERY ONE OF  
14                  THESE? CAN WE JUST GO THROUGH AND MAKE A MOTION  
15                  ON THE WHOLE PACKAGE?

16                  CHAIRMAN RELIS: WELL, WE COULD DO ON THE  
17                  WHOLE PACKAGE AND SEE HOW MANY --

18                  MEMBER PENNINGTON: LET'S GO THROUGH AND  
19                  SEE WHERE WE ARE. I REALIZE WE'RE LIABLE TO GET  
20                  TO THE END AND NOT HAVE ANY TO VOTE ON.

21                  CHAIRMAN RELIS: I JUST DECREASED. I  
22                  CREATED SOME MONEY HERE. ALL RIGHT. LET'S GO  
23                  DOWN TO THE HIGHWAY PATROL.

24                  MEMBER PENNINGTON: HUNDRED THOUSAND,  
25                  THAT'S FINE WITH ME.



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1                   MEMBER GOTCH:   UH-HUH.

2                   CHAIRMAN RELIS:   DEPARTMENT OF MOTOR  
3   VEHICLES.

4                   MEMBER PENNINGTON:   FIFTEEN IS OKAY.

5                   CHAIRMAN RELIS:   THE MANIFEST AND  
6   TRACKING SYSTEM -- I'M SORRY -- THE --

7                   MS. RICE:   CLEANUP.

8                   CHAIRMAN RELIS:   SLATE CLEANUP  
CONTRACT.

9                   MEMBER PENNINGTON:   STATE CLEANUP.

10                  CHAIRMAN RELIS:   THAT'S FOR ONE  
MILLION.

11                 I'D LIKE TO OFFER A PERSPECTIVE ON THIS, AND  
THAT

12                 IS THAT IN LINE WITH A FEW OTHER  
RECOMMENDATIONS

13                 THAT I'D HAVE, THAT WE COULD DECREASE THIS TO  
500

14                 K; BUT EVEN WITH THIS DECREASE, THERE WOULD  
STILL,

15                 AS I READ IT, AND WITH THE SUGGESTION I'M GOING  
TO

16                 MAKE LATER, THERE WOULD STILL BE OVER A MILLION  
17                 AVAILABLE FOR CLEANUP IF WE WERE TO AUGMENT THE  
18                 EMERGENCY FUND AND USE THE LOCAL GOVERNMENT

19       CLEANUP MATCHING GRANTS THAT ARE CALLED FOR IN  
THE

20       STAFF RECOMMENDATION.   SO I THINK WE COULD  
LOWER

21       IT, BUT JUST A SUGGESTION.

22               MEMBER PENNINGTON:   SURE.   SURE.   I  
DON'T

23       HAVE A PROBLEM WITH THAT.

24               CHAIRMAN RELIS:   THE EMERGENCY FUND.

25               MEMBER CHESBRO:   COULD I ASK A  
QUESTION,

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1 MR. CHAIRMAN, ABOUT THE STATE CLEANUP CONTRACT?  
2 MAYBE YOU DID THIS IN YOUR EARLIER MOTION, BUT  
3 WERE YOU GOING TO ADDRESS THE QUESTION OF AN  
4 END-USE REQUIREMENT?

5 CHAIRMAN RELIS: YES. IN KEEPING WITH  
6 THE IDEA OF THE MARKET -- OF BALANCING WHAT WE  
7 TALKED ABOUT EARLIER OF HAVING SOME MARKET PULL,  
I  
8 WOULD BE IN FAVOR OF SPECIFYING CRITERIA BID  
9 SPECIFICATIONS WITH THE END USE CALLED FOR AND  
PUT  
10 A CAP ON IT BECAUSE I THINK THAT WE NEED A MARKET  
11 PULL. AND EVEN IF IT'S NOT TECHNICALLY A MARKET  
12 IN THE FULL SENSE, IT'S AN INCENTIVE FOR THE  
13 MATERIAL TO GO TO A MARKET. AND WE ARE TRYING TO  
14 BUILD MARKETS IN THIS PERIOD. SO I THINK IT'S  
15 CONSISTENT WITH THE END-USE STRATEGY; BUT BY  
16 PUTTING A CAP, IT'S NOT OPEN-ENDED.

17 MS. RICE: WOULD THERE BE A SPECIFIC  
CAP?

18 MEMBER PENNINGTON: ARE YOU SAYING THAT,  
19 SAY, JUST A NUMBER 50 PERCENT OF WHAT'S CLEANED  
UP  
20 HAS TO GO TO AN END MARKET?

21 CHAIRMAN RELIS: ACTUALLY BE ALL OUR

22       CONTRACTS .

23               MR. CHANDLER:   NO.   THE CAP THAT'S BEEN  
24       DISCUSSED HAS BEEN ONE THAT WOULD CAP THE COSTS.  
25       YOU'VE HEARD THAT SOME OF THE COMPLAINTS THAT OUR



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1       CLEANUPS ARE COSTING \$3 A TIRE.   AND YOU CAN TAKE  
2       IT TO A LANDFILL AND IT WOULD BE 75 CENTS OR A  
3       BUCK A TIRE.   BUT YET IF YOU TAKE IT TO AN END  
4       USE, IT'S REQUIRING, WITH TRANSPORTATION AND  
5       EVERYTHING ADDED ON, YOU KNOW, A HUNDRED-PERCENT  
6       INCREASE.

7                        SO THE CONCEPT WAS THAT WE WOULD  
8       LOOK AT AS A CAP OVER LAND DISPOSAL NO MORE THAN  
9       10 PERCENT IS WHAT THE STAFF PUT OUT, AS DOROTHY  
10      PUT IT, AS A FIGURE TO PROMPT YOUR DISCUSSION.

SO

11      THAT WE WOULDN'T BE EXPENDING SO MUCH MONEY ON  
12      SECURING AN END USE AND THEN, THEREFORE, NOT HAVE  
13      AVAILABLE DOLLARS TO GO TO THE NEXT SITE AND

CLEAN

14      IT UP.

15                       MEMBER PENNINGTON:   SO IN OTHER WORDS,  
16      IF

17      IT COST TWO BUCKS TO LANDFILL IT, YOU COULD SPEND  
18      TWO TWENTY TO SEND IT TO SOME OTHER --

19                       MR. CHANDLER:   ALTERNATIVE END-USE  
20      MARKET.   CAP AT TWO TWENTY.   IF THE BID CAME IN  
21      AT

22      THREE BUCKS, WE WOULD SAY, NO, WE'RE GOING WITH  
23      THE LOWER COST OPTION.

22                   MEMBER PENNINGTON:   I SEE.   OKAY.  
23                   MR. CHANDLER:   MORE COMPETITIVENESS IN  
24   THE BIDS.  
25                   MEMBER PENNINGTON:   CAP IS 10 PERCENT.

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1                   CHAIRMAN RELIS:   FINE.   AND THEN WITH  
2   RESPECT IN THAT ITEM -- AND THEN WITH RESPECT TO  
3   THE CONTRACTING, I'M INCLINED TO MAKE IT AS  
4   COMPETITIVE AS POSSIBLE.   NOW, STAFF HAS  
5   RECOMMENDED, FOR EASE OF CONTRACTING AND FOR THIS  
6   CONTINUOUS NATURE OF THE FUNDING, WHAT, A CLUSTER  
7   OF CONTRACTORS?

8                   MS. RICE:   PREQUALIFIED.

9                   CHAIRMAN RELIS:   PREQUALIFIED.   THAT'S  
10   SOMETHING LESS THAN PURE OPEN LOCAL COMPETITION,  
11   AND I DON'T KNOW IF WE WANT TO DISCUSS THAT.   I'M  
12   FOR THE MOST COMPETITION.

13                  MEMBER PENNINGTON:   I WOULD SUPPORT THE  
14   STAFF'S RECOMMENDATION BECAUSE, YOU KNOW, YOU  
15   COULD HAVE A HUNDRED PEOPLE ON THE LIST.   AND  
16   JUST  
17   MAKING SURE THAT THEY'RE QUALIFIED AT THE FRONT  
18   END; AND THEN WHEN YOU LET THE CONTRACT, YOU LET  
19   IT BASED ON A BID WHICH YOU KNOW THAT THE PEOPLE  
20   WHO ARE BIDDING ARE QUALIFIED.

21                  CHAIRMAN RELIS:   MS. GOTCH, DO YOU HAVE  
22   ANYTHING ON THAT, ON THIS BIDDING?

23                  MEMBER GOTCH:   I DON'T RIGHT NOW.   THANK  
24   YOU.

25                  CHAIRMAN RELIS:   ALL RIGHT.   SO THE

STAFF

25 RECOMMENDATION OF --

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1                   MEMBER PENNINGTON:   ONE QUESTION THOUGH.  
2       PERHAPS THERE ARE SOME UNIQUE SITUATIONS THAT YOU  
3       MIGHT NOT HAVE PEOPLE QUALIFIED TO DO.   I WONDER  
4       IF WE CAN HAVE SOME KIND OF A --

5                   CHAIRMAN RELIS:   WHAT WOULD THAT BE?

6                   MEMBER PENNINGTON:   WELL, YOU KNOW,  
WHERE  
7       THERE'S AN END USE, THAT THEY MAY LOCALLY WANT  
TO  
8       TAKE THE PILE BECAUSE OF AN END USE, BUT NOT  
GOING  
9       TO BE BIDDING ON TRYING TO --

10                  CHAIRMAN RELIS:   SO THERE'S A UNIQUE  
11       SITUATION THAT WE COULD EXPLOIT.   HOW COULD WE  
DO  
12       THAT?

13                  MS. RICE:   ONE OF THE THINGS THAT I  
THINK  
14       HAS BEEN DISCUSSED IN THE PAST IS THAT IT IS  
15       FAIRLY COMMON WITH CONTRACTS TO DIRECT A  
16       CONTRACTOR TO WORK WITH A PARTICULAR  
SUBCONTRACTOR  
17       FOR AN ACTIVITY IF WE FIND THEY NEEDED TO DO  
THAT.  
18       SO DEPENDING ON HOW THE REQUESTS FOR QUALIFI-

19       CATIONS IS DESCRIBED AND HOW THE SUBSEQUENT  
SCOPE  
20       OF WORK FOR THOSE CONTRACTS IS DESCRIBED, I  
THINK  
21       THAT FLEXIBILITY COULD BE BUILT IN FOR SITE-  
22       SPECIFIC ISSUES THAT MAY COME UP.  
23               MEMBER PENNINGTON:   IF WE CAN BUILD  
THAT  
24       IN.   WHAT I WOULDN'T WANT TO DO IS HAVE A  
25       CONTRACTOR IN BETWEEN SOMEBODY THAT'S WILLING  
TO

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1 GO TAKE THE TIRES AND SHRED THEM FOR A LOCAL --

2 MS. RICE: I UNDERSTAND YOU WANT THE  
3 ABILITY TO RESPOND TO A SPECIFIC PROPOSAL THAT  
4 COMES IN THAT IS COST EFFECTIVE AND INVOLVES AN  
5 END USE AND MAKES SENSE. I WOULD THINK IN  
6 DEVELOPING THE CONTRACTING TOOLS THAT WE'RE GOING  
7 TO TRY TO DO, WHICH ARE FAIRLY NEW FOR US, WE WILL  
8 EXPLORE WITH THE LEGAL OFFICE AND THE CONTRACTS  
9 OFFICE HOW TO PROVIDE THAT FLEXIBILITY IN WHAT WE  
10 DEVELOP.

11 CHAIRMAN RELIS: AND THE END USE WILL BE  
12 PART OF THE CONTRACT. THAT WILL BE NOT AN AFTER.

13 MS. RICE: A CONDITION.

14 CHAIRMAN RELIS: A CONDITION. OKAY.  
15 MOVING ON TO EMERGENCY FUND. THIS IS A SUBJECT  
16 WE'VE HAD A FEW EMERGENCIES OF LATE.

17 MEMBER PENNINGTON: YEAH. I'M ALL FOR  
18 THAT EXCEPT I GUESS I WANT THAT EMERGENCY TO BE  
19 PRETTY FLEXIBLE. IF WE GET TO THE END OF THE  
20 FISCAL YEAR AND WE FIND WE'VE STILL GOT 175,000  
21 BUCKS IN THE POT, WE WANT TO BE ABLE TO SAY, WELL,  
22 THIS MUST BE AN EMERGENCY AND WE WANT TO CLEAN IT  
23 UP.

24 CHAIRMAN RELIS: FOR THAT REASON, I'D  
25 ACTUALLY PROPOSE WE INCREASE IT BY AS MUCH AS A





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1 HUNDRED.

2 MEMBER PENNINGTON: WHERE WOULD WE GET  
3 IT?

4 CHAIRMAN RELIS: WE'VE DROPPED SOME AND  
5 THEN --

6 MS. RICE: YOU TOOK THE 500,000 FROM THE  
7 CLEANUP CONTRACT. ONE WAY THAT YOU MIGHT WANT TO  
8 STRUCTURE IT IS AT THE END OF ANY GIVEN FISCAL  
9 YEAR, IF THE FUNDS HAVE NOT BEEN UTILIZED, YOU  
10 COULD ROLL THEM INTO THE REMEDIATION EFFORTS.

11 CHAIRMAN RELIS: THAT'S WHAT I WAS  
12 THINKING, THAT IT GAVE US THE FLEXIBILITY TO DEAL  
13 WITH REMEDIATION; BUT IF THERE WASN'T THE NEED, WE  
14 WOULD USE IT -- IN AN EMERGENCY, WE'D USE IT FOR  
15 REMEDIATION.

16 MS. RICE: I WOULD ASSUME WE WOULD WANT  
17 TO DRAFT SOME GUIDANCE FOR WHAT WOULD BE  
18 APPROPRIATE USES OF AN EMERGENCY FUND AND THE  
19 PROCESS FOR DOING THAT FOR YOUR REVIEW AT A  
20 SUBSEQUENT DATE SO THAT THERE'S SOME DEFINITION  
21 AROUND WHAT IS AN EMERGENCY AND WHAT KINDS OF  
22 REQUESTS, SO IT'S NOT OPEN-ENDED.

23 CHAIRMAN RELIS: OKAY. LOCAL GOVERNMENT  
24 MATCHING GRANTS.

25 MS. RICE: DID YOU WANT TO SPECIFY AN



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1       AMOUNT FOR THE EMERGENCY FUND? I'M SORRY. I  
2       DIDN'T CATCH THAT.

3               CHAIRMAN RELIS: 250.

4               MEMBER PENNINGTON: SO THAT'S 750. OKAY.  
5       MATCHING GRANTS.

6               CHAIRMAN RELIS: IS STAFF WRITING SOME OF  
7       THIS DOWN SO WE CAN KEEP TRACK OF IT ALL?

8               MS. TRGOVCICH: WE'RE FOLLOWING ALL OF  
9       THIS.

10              CHAIRMAN RELIS: I DON'T TRUST MY MEMORY  
11      TO EVEN A CLOSE APPROXIMATION.

12              MEMBER PENNINGTON: I DON'T TRUST YOUR  
13      MEMORY EITHER.

14              CHAIRMAN RELIS: LOCAL GOVERNMENT  
15      MATCHING GRANTS, LINE 6, STAFF RECOMMENDATION IS  
16      500.

17              MEMBER PENNINGTON: THAT'S GOOD.

18              CHAIRMAN RELIS: EVERYONE OKAY WITH THAT?  
19      SEEMS TO BE UNIVERSAL AGREEMENT.

20              MEMBER FRAZEE: I JUST WANTED TO REMIND  
21      YOU THAT YOU PROBABLY WANT TO INCLUDE THE END-USE  
22      REQUIREMENT IN THE LOCAL GOVERNMENT AS WELL AS IN  
23      THE -- IN OUR OWN CONTRACTS. I'M JUST SUGGESTING  
24      THAT YOU WANT TO INCLUDE THE END-USE REQUIREMENT  
25      IN THE LOCAL GOVERNMENT MATCHING GRANTS AS WELL AS



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1       IN OUR OWN CLEANUP.

2               CHAIRMAN RELIS:   GOOD POINT.

3               MEMBER PENNINGTON:   WANT THE 10-PERCENT  
4       CAP ON THAT TOO?

5               CHAIRMAN RELIS:   WELL, I GUESS IF WE'RE  
6       GOING TO DO THAT, THAT'S GREAT BE CONSISTENT.

7               MEMBER GOTCH:   HOW ARE WE GOING TO  
8       DECIDE -- I'M LOOKING AT THE TABLE ON PAGE 32 --  
9       OF WHICH SITES TO CLEAN UP?

10              CHAIRMAN RELIS:   WELL, WE -- I DON'T KNOW  
11       WHETHER MAYBE WE SHOULD TAKE A MINUTE AND,  
12       DOROTHY, YOU COULD EXPLAIN THIS.

13              MS. RICE:   ALL THAT MAP ATTEMPTS TO  
14       DEPICT IS THESE SITES THAT WERE IN YOUR HANDOUT  
15       AND WHERE THEY'RE LOCATED.   OUR EFFORT THERE WAS  
16       TO GIVE YOU A SENSE WHERE THEY'RE CLUSTERED, IN  
17       PART TO LOOK AT CONSIDERATION OF THE LEA GRANT  
18       CONCEPT IN COMBINATION WITH THE LOCAL CLEANUP  
19       MATCHING GRANTS AND HOW THOSE MIGHT WORK TOGETHER  
20       TO CREATE A LOCAL SYNERGY IN THE TIRE CORRIDORS.

21              I THINK AS REGARDS PARTICULAR SITE  
22       CLEANUP, WE WERE NOT PROPOSING HANDLING THIS ANY  
23       DIFFERENTLY THAN YOU HAVE TO DATE, WHICH IS THAT  
24       WE BRING INDIVIDUAL SITES TO YOU FOR YOUR APPROVAL  
25       OF CLEANUP.   AND WHEN WE BRING THEM DEPENDS ON A



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1       NUMBER OF FACTORS:   WHERE THEY ARE IN THE  
2       ENFORCEMENT PROCESS, WHERE WE ARE WITH GETTING  
3       RESPONSIBLE PARTIES TO ADDRESS THEM.   JUST BECAUSE  
4       A SITE IS THE NO. 1 SITE, THAT DOESN'T MEAN THAT  
5       IT WON'T BE ADDRESSED THROUGH OTHER MEANS.

6                       SO UNLESS YOU WISH TO DO SO, WE WERE  
7       NOT PROPOSING THAT YOU IDENTIFY A LIST OF SITES  
8       THAT YOU WANT US TO ADDRESS WITH THE FIRST CHUNK  
9       OF MONEY.

10                   MEMBER GOTCH:   OKAY.   DO WE KNOW IF ANY  
11       OF THESE COUNTIES OR PROPERTY OWNERS HAVE ANY  
12       ABILITY TO CLEAN UP ANY OF THOSE SITES OR THEY DO  
13       NOT?

14                   MS. RICE:   BASED ON A CASE-BY-CASE BASIS,  
15       AND I'M NOT PROPOSED TO RESPOND TO THAT.

16                   MS. TOBIAS:   I THINK MOST OF THE SITES  
17       THAT ARE MARKED ON THAT MAP ARE PROBABLY IN THE  
18       CATEGORY OF THAT THERE'S NO MONEY TO CLEAN THEM  
19       UP.

20                   CHAIRMAN RELIS:   OKAY.   FIRE MARSHAL.  
21       IN  
22       SUPPORT OF THAT?

22                   MEMBER GOTCH:   UH-HUH.

23                   CHAIRMAN RELIS:   IN SUPPORT OF THE FIRE  
24       MARSHAL, HUNDRED THOUSAND.

MEMBER PENNINGTON: FINE.



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1                   CHAIRMAN RELIS:   NOW, WE MOVE TO MARKET  
2   DEVELOPMENT.   THAT'S THE PERMITTING AND  
3   ENFORCEMENT SIDE.   AND THE RECOMMENDATION IS FOR  
4   500,000 FOR LOCAL GOVERNMENT RUBBERIZED ASPHALT  
5   INSTALLATION LOANS.

6                   MEMBER PENNINGTON:   WHICH WE'VE HEARD ARE  
7   PROBABLY NOT VERY EFFECTIVE.

8                   CHAIRMAN RELIS:   YES.   I AGREE.

9                   MEMBER PENNINGTON:   I DON'T KNOW.   I HAD  
10   THIS IDEA, AND I'M THE ONE THAT CAREN WAS KIND OF  
11   TALKING ABOUT, SORT OF MAYBE A CONDITIONAL GRANT  
12   WHERE YOU MAYBE MAKE A LOAN TO A LOCAL JURIS-  
13   DICTION WITH THE IDEA THAT IF THEY CONTINUE THE  
14   PROGRAM ON THEIR OWN, THAT YOU BEGIN TO FORGIVE  
15   THE LOAN.   SO THAT AT THE END OF A GIVEN PERIOD OF  
16   TIME, THEY DON'T OWE US ANY MONEY BACK.

17                  CHAIRMAN RELIS:   SO THIS IS SOME SORT OF  
18   HYBRID.

19                  MEMBER PENNINGTON:   SORT OF TO ENCOURAGE  
20   THEM TO TRY THE PROGRAM AND TO GET INTO IT AND,  
21   YOU KNOW, IF THEY BORROW A HUNDRED THOUSAND  
22   DOLLARS OR \$50,000 AND THEY PROMISE TO DO TEN  
23   MILES OF ROAD EVERY YEAR FOR FIVE YEARS, YOU  
24   FORGIVE THE LOAN.

25                  CHAIRMAN RELIS:   SO IT'S LIKE A



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1 FORGIVABLE DEBT --

2 MEMBER PENNINGTON: RIGHT.

3 CHAIRMAN RELIS: -- IF YOU MAKE GOOD.

4 MEMBER PENNINGTON: KIND OF LIKE THE KIND  
5 YOU GOT FROM YOUR PARENTS.

6 CHAIRMAN RELIS: THOSE ALWAYS FELT BETTER  
7 THAN THE REAL THING. ALL RIGHT.

8 MEMBER PENNINGTON: I MEAN IF THERE'S NO  
9 EXCITEMENT ABOUT IT, THAT'S OKAY TOO.

10 CHAIRMAN RELIS: WELL, PERSONALLY --

11 MEMBER PENNINGTON: IT'S TO STIMULATE THE  
12 LOCAL PEOPLE INTO DOING THIS. AND THE ONLY -- YOU  
13 KNOW, I'D LIKE TO HAVE THEM BECOME A PARTNER IN  
14 THIS AND NOT JUST GRANT MONEY TO THEM.

15 CHAIRMAN RELIS: I HAVEN'T HEARD ANYTHING  
16 COMPELLING THAT SAYS LOCAL GOVERNMENTS WANT LOANS  
17 FOR THIS. I'D JUST SOON ZERO IT OUT.

18 MEMBER CHESBRO: THIS IS AWKWARD BECAUSE  
19 I'M NOT A COMMITTEE MEMBER, BUT I JUST WANTED YOU  
20 TO KNOW THAT TOMORROW I WILL BE SUPPORTING THE  
21 IDEA -- I JUST WANT TO GIVE YOU WARNING SO, YOU  
22 KNOW, WHY DIDN'T YOU BRING IT UP YESTERDAY? --  
23 WILL BE SUPPORTING THE IDEA OF SOME LEVEL OF  
24 GRANTS TO LOCAL GOVERNMENTS, BUT I THINK THE  
25 SOLUTION MIGHT BE TO TRY TO REDUCE THE PORTION  
OF



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1 EACH PROJECT AND PUT A PERCENTAGE CAP ON THE  
2 CONTRIBUTION FOR EACH PROJECT, THEREBY FUNDING  
3 MORE PROJECTS. TRYING TO GET MORE ACTIVITY  
4 STARTED.

5 I'M A LITTLE DISTURBED BY HOW MUCH  
6 WE'VE ACTUALLY ACCOMPLISHED WITH THE GRANTS IN  
7 TERMS OF HOW MANY WE COULD FUND. AND MAYBE WE  
8 COULD SPREAD IT AROUND MORE, HAVE IT BE ENOUGH TO  
9 GET THEIR ATTENTION AND MAKE THEM INTERESTED, BUT  
10 NOT REALLY CARRY THE BULK OF THEIR PROJECT OR EVEN  
11 A LARGE PERCENTAGE OF THE PROJECT. I DON'T KNOW  
12 WHAT THAT CAP WOULD BE. STAFF COULD PROBABLY COME  
13 BACK WITH SOME RECOMMENDATION TO US, BUT SOMETHING  
14 THAT WOULD BE A GRANT THAT WOULD BE OF A LESSER  
15 NATURE IN TERMS OF WHAT PORTION OF THE PROJECT WAS  
16 PAID FOR. I'M JUST THROWING THAT OUT FOR YOUR  
17 CONSIDERATION.

18 CHAIRMAN RELIS: YOU ARE NOT SPEAKING,  
19 THOUGH, TO THE LOAN ISSUE?

20 MEMBER CHESBRO: NO. I DON'T REALLY  
21 THINK THAT THE LOANS ARE GOING TO WORK. I THINK  
22 LOCAL GOVERNMENTS WILL SAY, "GEE. IT GETS WORSE  
23 EVERY YEAR, AND OUR ABILITY TO ASSURE THE STATE  
24 WE'RE GOING TO PAY IT BACK NEXT YEAR IS PRETTY  
25 TOUGH." AND AS THE ROAD DETERIORATES, AS THE



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1        PAYMENTS GET MADE, IT'S KIND OF NOT A REAL  
2        ECONOMICALLY VIABLE THING FOR LOCAL GOVERNMENTS TO  
3        DO IN MY OPINION.

4                MEMBER PENNINGTON:    I GUESS MY SUGGESTION  
5        WAS INSTEAD OF PAYING US BACK, USE THE PAYBACK TO  
6        CONTINUE THE PROGRAM.

7                MEMBER CHESBRO:    GIVING THE CHOICE OF  
8        PUTTING INTO NEW PROJECTS OR PAYING US BACK.

9                MEMBER PENNINGTON:    BUT ANYWAY.

10               MEMBER FRAZEE:    MR. CHAIRMAN, AS LONG AS  
11        WE'RE DISPOSING OF THIS TODAY INSTEAD OF TOMORROW,  
12        ON THAT PARTICULAR ITEM IN THE PAST, IN THE LAST  
13        CYCLE WE GAVE THREE \$100,000 GRANTS TO THREE  
14        DIFFERENT CITIES.    AND AT THE TIME WE DID THAT, AT  
15        LEAST I HAD THE UNDERSTANDING THE PURPOSE WAS TO  
16        GET MORE MILES OF RUBBER ASPHALT OUT THERE SO WE  
17        COULD USE IT AS TEST SECTIONS AND PROVE THAT IT  
18        REALLY WORKS.    SINCE THEN I THINK WE'VE ALL  
19        LEARNED THROUGH OUR WORKSHOP AND THROUGH THIS  
20        TODAY WE DON'T NEED TO BE DOING THAT.    THERE'S ALL  
21        KINDS OF LOS ANGELES COUNTY WITH A THOUSAND MILES  
22        OF IT OUT THERE, AND SO THE TESTING OF IT ON THE  
23        GROUND IS A MOOT ISSUE, I THINK, AT THIS POINT.

24                SO IT DOESN'T DO A WHOLE LOT TO  
25        GRANT THREE JURISDICTIONS OR FIVE JURISDICTIONS TO





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1       HELP THEM BUY SOME CRUMB RUBBER ASPHALT. I THINK  
2       THE MONEY CAN BE USED BETTER IN DEVELOPING AND  
3       SELLING FROM THE MARKETING STANDPOINT RATHER THAN  
4       JUST -- AND I SEE -- APPARENTLY SOMEONE AGREED  
5       WITH ME BECAUSE THEY PUT A ZERO IN THIS COLUMN IN  
6       THIS DRAFT PROPOSAL HERE, SO I JUST WANTED TO  
7       SUPPORT THAT.

8               CHAIRMAN RELIS: ALL RIGHT.

9               MEMBER PENNINGTON: THAT'S FINE WITH ME.  
10       I JUST WAS TRYING TO FIND AN INCENTIVE WHERE IT  
11       DIDN'T COST US. BLANK OUT GRANTS.

12              CHAIRMAN RELIS: RIGHT NOW WE'RE STILL  
13       TRYING TO DISPATCH WITH LINE 8.

14              MEMBER PENNINGTON: I WOULD SUPPORT  
15       ZEROING IT OUT.

16              CHAIRMAN RELIS: DO YOU SUPPORT ZEROING  
17       IT OUT?

18              MEMBER GOTCH: YES, I DO.

19              CHAIRMAN RELIS: WE APPEAR TO HAVE ZEROED  
20       IT OUT AT COMMITTEE.

21                      WE'LL MOVE ON TO LINE 9, THE  
22       TECHNICAL ASSISTANCE PACKAGE THAT IS RECOMMENDED  
23       AT 600 -- 250. YES. NOW, THIS IS THE -- IN THE  
24       AREA THAT WE HEARD REGARDING THE L.A. COUNTY TYPE  
25       OF PROPOSAL.



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1                   AND I WOULD SUGGEST THAT WE INCREASE  
2       THIS ONE BASED ON TESTIMONY WE'VE HEARD. I DON'T  
3       CARE WHAT THE OREGON STUDY THAT WE MIGHT GET  
4       SOMEDAY TELLS US. I THINK WE -- I'M PERSUADED  
5       THAT WE HAVE A LOCAL GOVERNMENT INTEREST IN THIS,  
6       AND THE LOCAL GOVERNMENT INTEREST IS GOING TO BE  
7       THE PULL ON DEMAND. I RECOMMEND WE GO UP TO 600.

8                   MEMBER PENNINGTON: I'LL SUPPORT THAT. I  
9       THINK WE NEED MORE TESTING TOO SINCE 25 YEARS  
10      ISN'T ENOUGH.

11                  MEMBER GOTCH: MR. CHAIR, I ALSO FEEL  
12      THAT THIS IS A VERY GOOD PROGRAM. I HAVE A  
13      QUESTION AND ACTUALLY WOULD HAVE TO BE TO L.A.  
14      COUNTY. AND THAT'S -- PERHAPS STAFF CAN ANSWER  
15      THIS. AND THAT IS, I'M WONDERING IF L.A. COUNTY  
16      OR OTHER PARTICIPATING COUNTIES CAN GENERATE  
17      ENOUGH MONEY TO HELP WITH THE START-UP COSTS SO  
18      THAT WE MIGHT BE ABLE TO ADJUST THAT.

19                  MS. TRGOVCICH: AS STAFF, I DON'T BELIEVE  
20      THAT WE'RE APPROPRIATE TO RESPOND TO THAT. IT  
21      WOULD BE L.A. BUT I WOULD ASK A QUESTION FOR  
22      PURPOSES OF STAFF CLARIFICATION. ARE YOU  
TALKING  
23      ABOUT THE DOLLAR AMOUNT BEING TEN TASKS LISTED  
IN

24 THE PROPOSAL THAT THEY SUBMITTED?  
25 CHAIRMAN RELIS: I WOULD STEP BACK  
AND,

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1       AT LEAST FOR THE COMMITTEE MEMBERS, AND SUGGEST  
2       THAT WE CONSIDER THIS FRAMED AS AN INTERAGENCY  
3       AGREEMENT IN THE WAY WE WENT ABOUT DOING, LIKE,  
4       THE AG DEMOS, THAT IT WOULD BE AN RFP, BUT WITHIN  
5       AN INTERAGENCY FRAMEWORK.

6               MS. TRGOVCICH:   FOR THE TEN TASKS LISTED  
7       IN THE LETTER?

8               CHAIRMAN RELIS:   NO.   FOR A STATEWIDE  
9       CENTER TO PROVIDE TRAINING AND ASSISTANCE TO LOCAL  
10      GOVERNMENTS ON RUBBERIZED ASPHALT CONTENT USE.

11              MEMBER PENNINGTON:   WHEN THEY RESPOND TO  
12      OUR RFP, THEY COULD TELL US HOW THEY'RE GOING TO  
13      DO THAT.   ISN'T THAT WHAT YOU HAD IN MIND?

14              CHAIRMAN RELIS:   WE'LL HAVE TO PREPARE AN  
15      RFP LIKE WE HAVE -- LIKE WE DID WITH THE AG DEMOS  
16      AND PUT IT OUT BECAUSE WHILE I THINK THERE'S GREAT  
17      INTEREST IN WHAT L.A. COUNTY HAS PROPOSED, OUR  
18      NORMAL PROCESS HAS BEEN TO OPEN UP THE IDEA AND  
19      SEE WHAT COMES IN, BUT THAT IT BE INTERAGENCY.  
20      WE'RE INTERESTED IN NARROWING IT IN THAT RESPECT.

21              MS. TRGOVCICH:   FOR PURPOSES OF THE ITEM,  
22      WE JUST NEED GREATER CLARIFICATION AROUND THIS.

23      IS THIS POINT TO BE OPEN ONLY TO PUBLIC  
AGENCIES

24      THEN?   WHEN WE SEND OUT THE PROPOSAL, THE

25 INTERAGENCY WILL BE --

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1                   CHAIRMAN RELIS: WELL, IN THIS CASE I  
2     THINK IT'S INTERAGENCIES THAT BUILD ROADS, THAT  
3     THERE'S A STRONG CONNECTION. AT LEAST THAT'S HOW  
4     I THOUGHT OF IT. I DON'T KNOW. DO OTHER  
5     COMMITTEE MEMBERS --

6                   MEMBER PENNINGTON: THAT'S WHAT I  
7     THOUGHT. IT'S A LEGITIMATE QUESTION BECAUSE THERE  
8     ARE LOT OF PRIVATE ROAD BUILDERS. MR. MEYERS,  
9     WHO'S MENTIONED TODAY, HAS MADE SUBSTANTIAL MONEY  
10    WITH THE BRIDGES AND ROADS.

11                  CHAIRMAN RELIS: WE CAN'T DO AN  
12    INTERAGENCY AGREEMENT WITH A PRIVATE --

13                  MEMBER PENNINGTON: THAT'S WHY SHE'S  
14    ASKING THAT, THAT WE DO WANT TO RESTRICT IT TO --

15                  MS. TRGOVCICH: IF YOU WERE PURSUING AN  
16    INTERAGENCY, GENERALLY WHAT YOU WOULD DO IS YOU  
17    WOULD HAVE ALREADY DETERMINED THE SCOPE OF THE  
18    TASK THAT YOU WANT TO ENTER INTO AND YOU WOULD  
19    JUST PROCEED DOWN THE PATH TO DEVELOP THE  
20    INTERAGENCY.

21                  IF YOU'RE PROPOSING TO SEND OUT A  
22    REQUEST FOR PROPOSALS, THAT WOULD INDICATE A  
23    BROADER AUDIENCE THAT YOU'RE LOOKING TO SOLICIT  
24    IDEAS AND APPROACHES FROM ON HOW THEY WOULD  
25    RESPOND TO THIS PROBLEM OR THE ISSUE YOU'RE





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1 PUTTING OUT THERE.

2 MEMBER PENNINGTON: WHY DON'T WE JUST SAY  
3 \$600,000 IN THE INTERAGENCY AGREEMENT WITH L.A.  
4 COUNTY TO DEVELOP THIS. THAT'S WHAT WE'RE DOING.

5 CHAIRMAN RELIS: THAT'S ALL RIGHT.

6 MS. TRGOVCICH: ANOTHER OPTION, WHICH  
7 DOROTHY JUST RAISED, IS TO DO AN RFP. AND THE IF  
8 THE MOST QUALIFIED BIDDER OR PROPONENT IS A PUBLIC  
9 AGENCY, THEN ENTER INTO AN INTERAGENCY AGREEMENT  
10 WITH THEM AROUND THAT. THAT'S ANOTHER OPTION IF  
11 YOU WANTED A BROADER SOLICITATION.

12 CHAIRMAN RELIS: WELL, I COULD DO IT WITH  
13 L.A. COUNTY. AND I WOULD RECOMMEND THAT WE  
14 MIGHT -- WE WOULD -- I'M LOOKING FOR A DOLLAR  
15 AMOUNT, BUT WE MIGHT WANT TO MODIFY, SEE BACK WHAT  
16 STAFF THINKS ABOUT ALL THOSE TASKS AND WHETHER  
17 THEY'RE ALL APPROPRIATE AS THEY DEFINED IT.

18 I'M NOT -- I WOULDN'T AT THIS DATE  
19 STATE THAT EVERYTHING THAT IS LISTED THERE IS WHAT  
20 THE STAFF WOULD NECESSARILY FEEL IS GOING TO BE  
21 MOST IMPORTANT. BUT THAT THEY'VE COME FORWARD  
22 WITH A PROPOSAL THAT I THINK SATISFIES OUR DESIRE  
23 TO SEE -- TO CREATE A CENTER IN CALIFORNIA THAT  
24 PROVIDES TECHNICAL ASSISTANCE.

25 MS. TRGOVCICH: SO WE'LL BE RETURNING



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1 WITH THE SCOPE OF WHAT THIS INTERAGENCY AGREEMENT  
2 WOULD BE LOOKING LIKE TO THE POLICY COMMITTEE FOR  
3 CONSIDERATION IN DECEMBER.

4 CHAIRMAN RELIS: DECEMBER? WOULD THAT BE  
5 SUFFICIENT TIME FOR YOU? SURE. AS EARLY AS YOU  
6 CAN.

7 MS. TRGOVCICH: WE'LL TRY FOR DECEMBER.  
8 WE'LL KEEP YOUR OFFICES INFORMED OF OUR PROGRESS  
9 IN THAT AREA.

10 MEMBER CHESBRO: MR. CHAIRMAN, THE REASON  
11 I -- ONE OF THE REASONS I MADE MY COMMENT IN FAVOR  
12 OF LOCAL GRANTS FOR RUBBERIZED ASPHALT, EVEN  
13 THOUGH I SUPPORT FUNDING THIS PROJECT AT SOME  
14 LEVEL, ESPECIALLY AFTER MR. MICHAEL DESCRIBED IT  
15 IN INFORMATION TRANSFER AND ALL OF THAT, I DO  
16 SUPPORT FUNDING IT AT SOME LEVEL. I AM CONCERNED  
17 AS WE -- ABOUT THE GEOGRAPHIC DISTRIBUTION OF  
18 BEING ABLE TO WATCH IT APPLIED, SEE HOW IT WORKS  
19 AROUND THE STATE. I MEAN BEING ABLE TO --

20 I REALIZE THIS IS SUPPOSED TO BE A  
21 STATEWIDE PROJECT, BUT IN A PARALLEL TO THE  
22 COMPOST DEMONSTRATION PROJECTS, I THINK THAT I'M A  
23 LITTLE CONCERNED THAT WE WILL HAVE A DISPROPOR-  
24 TIONATE CONCENTRATION, AS WE ALREADY DO, TO THEIR  
25 CREDIT, IN SOUTHERN CALIFORNIA. THERE'S BEEN A



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1        LOT OF ACTIVITY. I WANT TO MAKE SURE THAT WE'RE  
2        NOT NEGLECTING APPLICATIONS ELSEWHERE IN THE  
3        STATE. AND THAT'S MY ONLY CONCERN ABOUT FUNDING  
4        AT THIS LEVEL AND NOT FUNDING ANY LOCAL GOVERNMENT  
5        APPLICATIONS PERHAPS ELSEWHERE IN THE STATE. SO  
6        THAT'S -- I WOULD PUT THAT OUT THERE FOR  
7        CONSIDERATION.

8                CHAIRMAN RELIS: WELL, AT THIS MOMENT THE  
9        COMMITTEE PLEASURE.

10               MEMBER PENNINGTON: I'M IN FAVOR 600,000  
11        IN INTERAGENCY AGREEMENT OVER A THREE-YEAR PERIOD.

12               MEMBER GOTCH: WELL, I DON'T THINK I HAVE  
13        ANYTHING TO ADD. I'M WONDERING IF WE MIGHT, FOR  
14        THE SAKE OF PLAY WITH THE MONEY, AND I'M NOT QUITE  
15        SURE WHERE WE ARE AS FAR AS THE MONEY GOES RIGHT  
16        NOW, TO PUT THAT AT 500,000 TO MAYBE TAKE A LOOK  
17        AT MR. CHESBRO'S SUGGESTION A LITTLE LATER.

18               MEMBER PENNINGTON: LET'S SEE WHERE WE  
19        ARE AT THE END. IF YOU WANT TO TRY TO ADJUST THAT  
20        AGAIN, WE CAN ADJUST IT AGAIN.

21               CHAIRMAN RELIS: SO WE'LL ADD THIS UP AND  
22        COME BACK.

23               MEMBER GOTCH: WE MAY NEED TO ADJUST.

24               CHAIRMAN RELIS: NOW, THAT TAKES US TO  
25        LEGAL AND -- THE TWO LEGAL AND FINANCIAL, WHICH



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1 ARE BOTH 15,000. COULD I GET A POINT OF  
2 CLARIFICATION?

3 MS. TRGOVCICH: THOSE WERE TIED TO THE  
4 LOAN PROGRAM, SO WITHOUT THAT ITEM GOING  
5 FORWARD --

6 CHAIRMAN RELIS: WE WOULD NOT HAVE  
7 EITHER?

8 MS. TRGOVCICH: YOU WOULD NOT HAVE  
9 EITHER. IF YOU WANTED, AS WE SUGGESTED, AN  
10 EVALUATION OF THE POTENTIAL FOR THE LOAN TO -- OF  
11 THE BOARD TO ESTABLISH A LOAN PROGRAM FOR TIRES,  
12 COMING BACK WITH SOME THOUGHTS AROUND ADDRESSING  
13 THESE TYPES OF NEW BUSINESSES, WE WOULD BE LOOKING  
14 AT AUGMENTING THE FINANCIAL SERVICES CONTRACT.

15 CHAIRMAN RELIS: NOW, DIDN'T YOU SAY  
16 EARLIER -- I'M TRYING TO -- WERE YOU PROPOSING  
17 THAT THAT BE DONE BY STAFF ON THAT LOAN PROGRAM?

18 MS. TRGOVCICH: WE WERE PROPOSING THE  
19 STAFF AS WELL AS THE EXISTING FINANCIAL CONSULTANT  
20 SINCE THAT FINANCIAL CONSULTANT DEALT WITH ALL THE  
21 TIRE APPLICATIONS.

22 CHAIRMAN RELIS: THIS MONEY WOULD COME  
23 OUT OF THE TIRE FUND.

24 MS. TRGOVCICH: WOULD COME OUT OF THE  
25 TIRE FUND. I'D JUST LIKE TO RAISE AS WELL AN ITEM





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1        THAT IS NOT INCLUDED IN HERE BECAUSE WE DID FOCUS  
2        ON THE LOCAL GOVERNMENT LOANS FOR THE STAFF  
3        RECOMMENDATION, AND THAT IS BRINGING BACK FOR YOUR  
4        CONSIDERATION APPLICATIONS THAT COME IN UNDER THE  
5        RMDZ PROGRAM FOR TIRE-RELATED PROJECTS, THAT  
6        THERE'S BEEN DISCUSSION BY VARIOUS MEMBERS OF  
7        WANTING TO SEE THOSE PROJECTS FUNDED WITH TIRE  
8        DOLLARS.

9                        AND THAT WAS OMITTED FROM THE STAFF  
10       RECOMMENDATION SINCE WE HAD A LOAN ELEMENT IN  
11       THERE. BY TAKING THAT LOAN ELEMENT OUT, DO YOU  
12       WANT TO SET ASIDE FUNDS, DOLLARS, THAT WOULD BE  
13       AVAILABLE FOR LOAN APPLICATIONS FOR TIRE  
14       BUSINESSES COMING IN UNDER THE RMDZ LOAN PROGRAM?

15                      CHAIRMAN RELIS: OUT OF THE LOAN, BUT THE  
16       SOURCE OF FUNDING WOULD BE THE TIRE FUND. THAT'S  
17       FINE WITH ME.

18                      MS. TRGOVCICH: MAYBE WE COULD PUT THAT  
19       IN AS A LINE ITEM; AND WHEN WE GET TO THE END,  
20       WE'LL SEE WHAT THE DOLLAR AVAILABILITY IS.

21                      CHAIRMAN RELIS: THAT BRINGS US TO THE  
22       COAL. AND IT'S BEEN SUGGESTED THAT MAYBE WE  
23       COMBINE COAL AND CEMENT. WHAT ABOUT AN AMOUNT?

24                      MEMBER GOTCH: I'D LIKE TO SUGGEST  
25       100,000 FOR EACH OF THEM, WHICH WOULD MAKE IT A



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1 TOTAL OF 200,000.

2 MS. TRGOVCICH: MR. CHAIRMAN, JUST TO  
3 POINT OUT, WE'RE NOT QUITE CLEAR AS TO THE OVERALL  
4 COMPATIBILITY OR COMPARABILITY OF THE DATA. WE'D  
5 LIKE AN OPPORTUNITY -- WE'RE NOT QUITE SURE AT  
6 THIS POINT.

7 CHAIRMAN RELIS: SO YOU'D RATHER KEEP  
8 THEM SEPARATE AT THIS POINT.

9 MS. TRGOVCICH: YES.

10 MEMBER PENNINGTON: LET'S DO THAT THEN.

11 MEMBER GOTCH: LET ME ASK AGAIN, IF I  
12 MAY, HOW YOU ARRIVED AT THE NUMBERS OF 200,000 AND  
13 100,000 FOR COGEN AND BIOMASS AND CEMENT.

14 MS. GILDART: COMBUSTION TESTING AND  
15 EMISSION TESTING IS QUITE EXPENSIVE. WE'VE GOT AN  
16 EXISTING CONTRACT FOR 40,000 JUST TO ANALYZE  
17 EXISTING DATA. THIS WOULD BE REQUIRED TO COLLECT  
18 THE DATA, TO ACTUALLY PERFORM EMISSION TESTS, TO  
19 TAKE SAMPLES OF ASH, RUN THEM THROUGH LABORATORY  
20 ANALYSES. THOSE TYPICALLY, JUST TO DO ONE  
21 EMISSIONS RUN, MIGHT BE IN THE 50,000 TO 100,000.

22 WE ALSO WANTED SOME MONEY AVAILABLE  
23 FOR ANY OF THE COMBUSTION MODIFICATIONS THAT  
24 PERHAPS A FACILITY, TOGETHER WITH US, WOULD PAY  
25 FOR THAT MODIFICATION. IT'S A BIT OF A ROUGH



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1       ESTIMATE, BUT I WOULD SAY THE KINDS OF TESTING  
2       WE'RE PROPOSING PROBABLY COULD NOT BE DONE FOR A  
3       HUNDRED THOUSAND. IT MIGHT BE LESS THAN 200.

4               CHAIRMAN RELIS: YOU MEAN WITH THE  
5       CEMENT?

6               MS. GILDART: FOR THE COAL-FIRED COGEN.

7               CHAIRMAN RELIS: SO YOU DON'T FEEL A  
8       HUNDRED WOULD BE ADEQUATE?

9               MEMBER GOTCH: HOW ABOUT 250,000? HOW  
10      ABOUT \$150,000?

11              MS. GILDART: THAT'S POSSIBLE.

12              MS. TRGOVCICH: WHAT WE CAN DO, SINCE  
13      WE'VE IDENTIFIED SOME VERY FLUID ITEMS TO BE  
14      MOVING FORWARD INTO THE 7-8 YEAR, WE CAN COME BACK  
15      AS WE DEVELOP THAT FOR FUTURE NEEDS.

16              CHAIRMAN RELIS: SO MS. GOTCH HAS  
17      RECOMMENDED 250 TO BE DISTRIBUTED BETWEEN THE TWO,  
18      I GUESS, TO BE DETERMINED BY FURTHER STAFF WORK,  
19      HOW YOU WOULD ALLOCATE.

20              MS. TRGOVCICH: WHETHER OR NOT IT'S  
21      POSSIBLE TO LINK THE TWO TOGETHER. AND IF NOT, TO  
22      PROCEED ON SEPARATE COURSES.

23              CHAIRMAN RELIS: IS THAT -- OKAY. I  
24      THINK WE HAVE AGREEMENT ON THAT. SO THAT  
25      COMPLETES THE DOLLARS FOR BOTH PERMITTING AND



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1        ENFORCEMENT AND MARKET DEVELOPMENT.    AND MAYBE NOW  
2        WE NEED TO GO BACK THROUGH AND MAKE SURE IF WE  
3        COULD HEAR A RECITATION OF WHAT WE DID HERE.

4                MS. RICE:    ON THE--

5                MEMBER PENNINGTON:    COUPLE OF ITEMS.

6                CHAIRMAN RELIS:    YEAH.    WE DO HAVE -- I'M  
7        SORRY.    I DID -- WE DO HAVE A FEW MORE.    CIVIL  
8        ENGINEERING.

9                MS. RICE:    THAT WAS A 7-8 RECOMMENDATION  
10       FROM STAFF.

11               CHAIRMAN RELIS:    THAT'S WHY.    OKAY.  
12       NOW --

13               MEMBER PENNINGTON:    WHAT ABOUT THE  
14       MATCHING GRANTS FOR SCHOOL DISTRICTS?    I'VE GOT  
15       MATCHING GRANTS FOR SCHOOL DISTRICTS, 300,000.    IS  
16       THAT -- IS THAT ANOTHER 7-8 ALSO?

17               MS. RICE:    I BELIEVE THAT WAS JUST ONE OF  
18       A LIST OF OPTIONS.    IT WAS NOT ON THE STAFF  
19       RECOMMENDATION.

20               MEMBER PENNINGTON:    THAT'S FINE.    GOOD.

21               CHAIRMAN RELIS:    IF WE COULD, COULD WE  
22       TAKE UP THIS CIVIL ENGINEERING MATTER?

23               MEMBER PENNINGTON:    IT'S FOR THE NEXT  
24       BUDGET YEAR.

25               CHAIRMAN RELIS:    YOU'RE RECOMMENDING IT





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1 THE NEXT BUDGET YEAR.

2 MS. TRGOVCICH: WE INCLUDED A DOLLAR  
3 AMOUNT OF \$500,000, DEPENDING UPON THE OUTCOME OF  
4 THE EXISTING CIVIL ENGINEERING CONTRACT AND WHAT  
5 WE LEARN. AS I THINK DOROTHY SAID, WE'RE JUST  
6 NOT -- WE NEED TO BE ABLE TO GET SOME INFORMATION  
7 FROM THAT CONTRACT TO BE ABLE TO FIGURE OUT WHERE  
8 TO MOVE FORWARD WITH THIS, TO FIGURE OUT WHERE TO  
9 GO.

10 CHAIRMAN RELIS: WELL, I GUESS I'M NOT  
11 FULLY HAPPY WITH THAT IN THE BELIEF THAT, YOU  
12 KNOW, WE'VE HAD YOLO COUNTY COME BEFORE US AT  
13 LEAST THREE TIMES THAT I'VE BEEN ON THE BOARD WITH  
14 CIVIL ENGINEERING APPLICATIONS.

15 MS. TRGOVCICH: WE DID FUND YOLO COUNTY  
16 UNDER THE GRANT PROGRAM.

17 CHAIRMAN RELIS: YES. I WOULD BE -- IT  
18 WOULD BE FINE WITH ME TO --

19 MEMBER PENNINGTON: ONCE AGAIN, I WOULD  
20 BE WILLING TO PUT SOME MONEY INTO PROMOTING THESE  
21 APPLICATIONS, BUT, YOU KNOW, ALL WE'RE DOING IS  
22 FUNDING SOMETHING THAT THEY HAVE TO FUND ANYWAY.

23 CHAIRMAN RELIS: WHAT DO YOU MEAN?

24 MEMBER PENNINGTON: IF WE'RE TALKING  
25 ABOUT USING THE MONEY TO PUT IN A GAS SYSTEM OR A



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1 LEACHATE RECOVERY SYSTEM, THE COUNTY HAS TO DO  
2 THAT ANYWAY. WE'RE JUST UNDERWRITING THEIR DOING  
3 IT. WHAT I WOULD LIKE, IF WE ARE GOING TO SPEND  
4 MONEY IN THAT AREA, IS TO PROMOTE THE IDEA OF  
5 USING THE YOLO COUNTY EXPERIENCE AS SOMETHING THAT  
6 OTHER COUNTIES OR MUNICIPALITIES SHOULD LOOK AT AS  
7 A --

8 CHAIRMAN RELIS: IS THAT WHAT STAFF HAD  
9 IN MIND, OR ARE YOU STILL SAYING BECAUSE YOU DON'T  
10 HAVE THE RESULTS FROM THE STUDY, YOU DON'T KNOW?

11 MS. RICE: THAT IS WHAT WE WERE SAYING,  
12 THAT WE THOUGHT IT WOULD BE ADVISABLE TO WAIT FOR  
13 FRUITS FROM THE CONTRACT THAT HAS NOT YET GOTTEN  
14 UNDER WAY BEFORE WE RECOMMEND ADDITIONAL  
15 CONTRACTED FUNDS.

16 MEMBER PENNINGTON: SO THAT'S WHY YOU'RE  
17 ACTUALLY ASKING FOR IT IN '97-'98?

18 MS. RICE: THAT'S CORRECT.

19 CHAIRMAN RELIS: ALL RIGHT. MS. GOTCH.  
20 OKAY. OTHER ITEMS?

21 MEMBER PENNINGTON: OKAY. SO WE ADD THIS  
22 UP NOW AND SEE WHERE WE ARE.

23 MS. TRGOVCICH: MAYBE DOROTHY AND I CAN  
24 BOTH RESTATE THE ITEMS AND THE DOLLAR AMOUNTS AND  
25 WHAT WE HAVE EACH HAVE IDENTIFIED AS TOTALS UNDER



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1       THOSE TWO BROAD AREAS.

2               MEMBER PENNINGTON:   GOOD IDEA.

3               MS. RICE:   OKAY.   I INDICATE \$200,000 FOR  
4       A PILOT LEA GRANT PROGRAM; \$100,000 FOR AN  
5       INTERAGENCY AGREEMENT WITH THE HIGHWAY PATROL;  
6       \$15,000 FOR DEPARTMENT OF VEHICLES; \$500,000 FOR A  
7       CLEANUP CONTRACT OR CONTRACTS; \$250,000 FOR AN  
8       EMERGENCY FUND, WHICH FUNDS WOULD REVERT TO  
9       CLEANUP IF THEY WEREN'T UTILIZED; 500,000 FOR  
10      LOCAL GOVERNMENT MATCHING GRANTS; 100,000 FOR THE  
11      FIRE MARSHAL, TOTALING \$1,665,000.

12              ONE AREA WHERE I WOULD LIKE TO ASK  
13      FOR SOME CLARIFICATION AND MAYBE I SHOULD WAIT  
14      TILL CAREN IS DONE, ALL THE NUMBERS IN ONE SPOT.

15              MS. TRGOVCICH:   IN THE MARKET DEVELOPMENT  
16      AREA, THERE'S A TECHNICAL ASSISTANCE PACKAGE WHICH  
17      HAS BEEN IDENTIFIED AS AN INTERAGENCY AGREEMENT  
18      WITH L.A. COUNTY TO ESTABLISH A STATEWIDE CENTER  
19      FOR \$600,000.   THERE IS \$15,000 FOR THE FINANCIAL  
20      CONSULTANT TO BE ABLE TO EVALUATE APPROACHES FOR  
21      LOANS TO TIRE BUSINESSES.   THERE WOULD BE A  
22      COMBINATION OF 250,000 FOR BOTH ADDITIONAL TESTING  
23      AND PUBLIC EDUCATION WORK RELATED TO CEMENT KILNS  
24      AND THE COAL-FIRED PLANTS, THAT STAFF WOULD  
25      DETERMINE WHETHER OR NOT THOSE SHOULD BE PROCEEDED



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1 WITH ON SEPARATELY. AND THE TOTAL THERE I'VE COME  
2 UP WITH IS 865,000. I BELIEVE BETWEEN THE TWO,  
3 THAT TOTALS \$2,530,000.

4 CHAIRMAN RELIS: SO THAT WOULD LEAVE US A  
5 SUBSTANTIAL AMOUNT OF PLAY STILL.

6 MS. TRGOVCICH: ABOUT A LITTLE MORE THAN  
7 \$800,000, AND THERE'S STILL THE REMAINING ISSUE OF  
8 WITHOUT THE LOAN COMPONENT, DO YOU WANT TO SPECIFY  
9 FUNDS BEING MADE AVAILABLE TO TIRE-RELATED  
10 BUSINESSES COMING IN UNDER THE RMDZ PROGRAM. WE  
11 HAVE SEVERAL TIRE-RELATED APPLICATIONS IN THE  
12 FOURTH QUARTER CYCLE RIGHT NOW.

13 MEMBER PENNINGTON: THAT PROGRAM AND THE  
14 RMDZ PROGRAM HAS SUBSTANTIALLY MORE MONEY THAN  
15 THIS DOES. SO I WOULD SAY LET'S NOT TRY TO  
16 TRANSFER THAT OBLIGATION TO THIS FUND. IF WE'VE  
17 GOT \$800,000, MAYBE WE OUGHT TO BE LOOKING BACK  
18 INTO SOME OF THE PROGRAMS WE HAVE HERE.

19 CHAIRMAN RELIS: WHAT I WOULD SUGGEST --

20 MEMBER PENNINGTON: LIKE, I MEAN I COULD  
21 SEE US USING 800,000, SAY, PUT 200,000 INTO LOCAL  
22 GRANTS AND ANOTHER 300,000 INTO THE CLEANUP. AT  
23 LEAST THERE'S 500 AND WE STILL HAVE 300. I'M  
24 NOT --

25 CHAIRMAN RELIS: WHAT -- WOULD IT BE THE





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1 PLEASURE OF THE COMMITTEE? I MEAN WE COULD  
EITHER

2 TRY TO RESOLVE THIS NOW. WE COULD COME BACK WITH  
3 FURTHER DISCUSSION FOR THAT UNENCUMBERED AMOUNT.  
4 WE'VE CUT THROUGH QUITE A BIT OF GROUND TODAY.  
5 RATHER THAN TRYING TO WING IT, YOU KNOW, AS TO  
HOW

6 WE ALLOCATE, OR DO YOU WANT TO DO IT ALL TODAY?

7 MEMBER GOTCH: I'M READY TO FORGE AHEAD.

8 MEMBER PENNINGTON: WE COULD GO AHEAD

9 AND --

10 MEMBER GOTCH: AND THEN WE CAN --

11 MEMBER PENNINGTON: THEN WE CAN BOUNCE  
IT

12 BEFORE THE BOARD TOMORROW. SO I WOULD

13 RECOMMEND --

14 MR. CHANDLER: I WOULD ENCOURAGE YOU TO  
15 MOVE FORWARD. ONE POINT YOU NEED TO RECOGNIZE IS  
16 YOU'VE ASKED TO CARRY OVER THE DISCUSSION ON  
17 OXFORD TILL TOMORROW. ANY, IF YOU WILL, UNENCUM-  
18 BERED BALANCE THAT'S GOING TO BE PUT FORWARD AS  
19 A -- FROM AN ARITHMETIC STANDPOINT, YOU MIGHT  
JUST

20 WANT TO CONTINUE YOUR DELIBERATIONS UNLESS YOU'RE  
21 OF A MIND THAT YOU WANT TO LEAVE THAT SIZABLE

22       AMOUNT.

23                   MEMBER PENNINGTON:   THEN I WOULD

24       RECOMMEND THAT WE DO THIS.   WE HOLD THIS 800,000

25       IN ABEYANCE.   WE APPROVE WHAT WE'VE ALREADY  
TALKED

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1 ABOUT. HOLD THE 800,000, SEE WHAT HAPPENS ON THE  
2 OXFORD THING, AND COME BACK AT THE NEXT COMMITTEE  
3 MEETING AND DEAL WITH THE 800,000.

4 EITHER I'M NOT TALKING VERY LOUD OR  
5 THIS MIKE DOESN'T LIKE ME TODAY. BUT I'M SAYING  
6 THAT SINCE WE HAVE THE OXFORD THING TO LOOK AT  
7 TOMORROW, MAYBE WE HOLD THE 800,000 IN ABEYANCE,  
8 WE GO AHEAD AND APPROVE WHAT WE'VE AGREED TO  
9 TODAY, AND THEN WE CAN DEAL WITH THE 800,000 --  
10 TRY TO DEAL WITH IT TOMORROW OR COME BACK TO THE  
11 COMMITTEE MEETING AFTER WE SEE WHAT THE OXFORD  
12 THING MAY PRESENT.

13 MEMBER GOTCH: I'D LIKE TO ADD SOMETHING  
14 TO THIS AMOUNT FOR -- TAKE AWAY SOMETHING ELSE  
15 FROM THIS AMOUNT BEFORE WE CONCLUDE TODAY. AND  
16 THAT IS MATCHING GRANTS TO SCHOOL DISTRICTS AND  
17 LOCAL GOVERNMENTS FOR PLAYGROUND MATTING. AND FOR  
18 THE FIRST YEAR, I'D LIKE TO SUGGEST \$500,000.

19 CHAIRMAN RELIS: I HAVE A QUESTION.

20 MEMBER GOTCH: THIS IS WITH THE AMERICANS  
21 WITH DISABILITIES ACT REQUIREMENT REGARDING  
22 ACCESSIBLE SURFACING FOR PLAYGROUNDS -- FOR  
23 WHEELCHAIRS TO PLAYGROUNDS AND WITH A NUMBER OF  
24 INJURIES EVERY YEAR WITH CHILDREN WHO FALL AND  
25 SEVERAL DEATHS A YEAR. AND THIS IS ANOTHER WAY



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1        THAT WE CAN FIND AND PROMOTE AN END USE.

2                CHAIRMAN RELIS:    WHAT WOULD BE THE  
3        ESTIMATED -- DO WE HAVE ANY KIND OF QUANTITY ABOUT  
4        WHAT COULD BE -- WHAT ARE THE TIRE EQUIVALENTS FOR  
5        THIS?

6                MS. TRGOVCICH:    I'M NOT SURE ABOUT TIRE  
7        QUANTITIES, IF IT'S SPECIFIED IN THE ITEM.    I KNOW  
8        THERE'S -- IT'S IN THE CHART IN THE BACK.    I  
9        BELIEVE IT'S THE VERY LAST PAGE OF THE ITEM.    IT'S  
10       LISTED -- ACTUALLY IT GOT ELIMINATED.    I'M NOT  
11       QUITE SURE IF THE STAFF ARE PREPARED TO BE ABLE TO  
12       IDENTIFY THE APPROXIMATE NUMBER OF TIRES THAT  
13       WOULD BE ADDRESSED THROUGH THE ESTABLISHMENT OF  
14       PLAYGROUND MATS.    I THINK ONE THING WE DID DISCUSS  
15       IS THIS IS NOT AN ONGOING INITIATIVE IN THE SENSE  
16       THAT ONCE YOU BUY YOUR PLAYGROUND MATS.

17               CHAIRMAN RELIS:    I'D WANT TO KNOW THAT  
18        BECAUSE -- I MEAN IF WE'RE COMMITTING 600,000 TO A  
19        PROGRAM THAT'S, LET'S SAY, IN THE L.A. COUNTY  
20        WHERE WE'RE LOOKING AT HOPEFULLY MILLIONS OF TIRES  
21        AND OUR CRITERIA IS TO CLEAN UP, I NEED SOME  
22        MAGNITUDE TO FEEL COMFORTABLE WITH COMMITMENT.

23               MEMBER PENNINGTON:    I THINK THIS FALLS  
24        INTO ONE OF THOSE THINGS THAT I WAS TALKING ABOUT  
25        THIS MORNING.    THIS IS SUBSIDIZING A PRODUCT.    WE









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1       IT'S THE SURFACING OF ALL THE PLAYGROUNDS FOR THE  
2       STATE WITH RUBBERIZED MATS.

3               CHAIRMAN RELIS:   JUST STRICTLY MATS.

4               MEMBER GOTCH:   I'M TALKING ABOUT  
5       RUBBERIZED MATS.   I JUST WANT TO ENCOURAGE THE USE  
6       OF AN END PRODUCT FOR TIRES.   IF THAT INCLUDES --

7               MEMBER PENNINGTON:   YOU KNOW, I'D RATHER  
8       GO BACK AND PUT IT INTO THE GRANTS TO THE LOCAL  
9       COMMUNITIES TO USE RUBBERIZED ASPHALT, SOMETHING  
10      THAT IS -- THIS IS ALREADY A VIABLE ECONOMIC  
11      PRODUCT ACCORDING TO THE PEOPLE WHO ARE SUPPOSED  
12      TO BE MAKING MONEY ON IT.

13              CHAIRMAN RELIS:   I'D HAVE TO AGREE.   I  
14      THINK IF IT'S -- YOU KNOW, IF I COULD SEE THAT WE  
15      WERE LOOKING AT MILLIONS OF TIRES, THAT WE'RE  
16      FURTHERING OUR MISSION SIGNIFICANTLY AS A  
17      DIVERSION OR AN END-USE MARKET FOR LARGE AMOUNTS  
18      OF TIRES, BUT I DON'T HAVE THAT PERSPECTIVE IN  
19      THIS CASE.

20              MS. GILDART:   WE COULD COME BACK  
TOMORROW  
21      WITH SOME DATA.

22              MEMBER PENNINGTON:   I'M WILLING TO  
HOLD  
23      THIS 800,000 THAT WE HAVE UNTIL AFTER WE'VE

TALKED

24        ABOUT THE OXFORD TIRE SITUATION.    AND THEN

MAYBE

25        WE CAN LOOK AT AND DO AS YOU SUGGEST OR DO AS  
MR.

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1 CHESBRO SUGGESTS OR SOMETHING OF THAT NATURE.

2 MEMBER GOTCH: ALL RIGHT. AND ALSO  
3 MARTHA SAYS THAT SHE CAN COME BACK TOMORROW WITH  
4 SOME DATA.

5 MS. GILDART: ON NUMBERS OF TIRES USED.

6 CHAIRMAN RELIS: SO YOU WILL COME BACK  
7 TOMORROW AND GIVE US PERSPECTIVE ON THIS.

8 MEMBER CHESBRO: MR. CHAIRMAN, ON THE  
9 QUESTION OF LOANING MONEY TO TIRE-RELATED  
10 BUSINESSES OUT OF THIS FUND RATHER THAN THE RMDZ  
11 FUND, I'D LIKE TO POINT OUT THAT IT'S BEEN A VERY  
12 SHORT TIME PERIOD IN THE HISTORY OF THE RMDZ LOAN  
13 PROGRAM THAT WE HAD A DROP IN DEMAND FOR THAT  
14 MONEY. WE HAVE A MUCH LARGER WASTE STREAM TO  
DEAL

15 WITH BY THE YEAR 2000 AS OUR LARGER RESPONSI-  
16 BILITY. AND WE WENT TO GREAT LENGTHS TO SELL  
17 LOANS TO RENEW THE LOAN PROGRAM, TO TRY TO  
18 MAXIMIZE THE AMOUNT OF MONEY THAT WAS AVAILABLE  
IN

19 THAT FUND. AND THE LEGISLATURE AUTHORIZED THE  
20 TIRE FUND TO DEAL WITH TIRE PROBLEMS. AND I  
WOULD

21 SUGGEST THAT IT'S IN THE INTEREST OF BOTH  
PROGRAMS

22        THAT WE SET ASIDE SOME MONEY FOR BUSINESS LOAN  
23        FUNDS .

24                        NOW, SO FAR THERE HASN'T BEEN MUCH  
25        ACTIVITY THERE, AND THE MONEY CAN REVERT AND BE

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1       USED FOR OTHER THINGS IF THE DEMAND IS NOT THERE.  
2       BUT I DO THINK THAT IT'S IN THE INTEREST OF THE  
3       RMDZ PROGRAM FOR US TO SET SOME MONEY ASIDE FOR  
4       LOANS FOR TIRE BUSINESSES FROM THIS FUND.

5               CHAIRMAN RELIS:   I'M OKAY WITH THAT.

6               MEMBER PENNINGTON:   I JUST THINK WE'VE  
7       GOT SO MANY OTHER DEMANDS ON THIS FUND AND, YOU  
8       KNOW.

9               MEMBER CHESBRO:   I HEARD STAFF MENTION  
10      EARLIER THAT THERE'S A BIG SLUG OF LOAN DEMAND IN  
11      THE RMDZ PROGRAM COMING DOWN THE PIPELINE.

12              CHAIRMAN RELIS:   IS THAT WHAT YOU'RE  
13      SEEING, CAREN?

14              MS. TRGOVCICH:   WE'VE SEEN A MUCH  
15      ENHANCED FOURTH QUARTER, AND OUR PIPELINE REPORTS  
16      SHOW SIGNIFICANT AMOUNT OF DEMAND IN THE COMING  
17      YEAR.   I WOULD LIKE TO POINT OUT THAT THERE ARE  
18      PROBABLY SEVERAL INDIVIDUALS SITTING IN THIS ROOM  
19      THAT HAVE LOAN APPLICATIONS IN WITH US RIGHT NOW  
20      OR WERE SITTING IN THIS ROOM EARLIER IN THE DAY.

21              CHAIRMAN RELIS:   ALL RIGHT.

22              MEMBER PENNINGTON:   IN MY BOOK IT'S, YOU  
23      KNOW, ROBBING PETER TO PAY PAUL.   HERE THIS MONEY  
24      COULD BE USED FOR OTHER THINGS, AND WE HAVE  
25      ANOTHER FUND THAT COULD BE USED FOR LOANS, BUT,



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1       YOU KNOW, I DON'T --

2               MEMBER CHESBRO: I SEE IT AS THE ABSOLUTE  
3       OPPOSITE. I SEE IT THE OTHER WAY AROUND, THAT  
4       IT'S INAPPROPRIATELY ROBBING THE RMDZ -- THE IWM  
5       FUND TO BE FUNDING TIRE PROJECTS OUT OF THAT FUND.  
6       WE HAVE A TIRE FUND THAT THE LEGISLATURE GAVE US  
7       TO DEAL WITH TIRE PROBLEMS.

8               CHAIRMAN RELIS: I THINK WE SHOULD KEEP  
9       THE FUNDS AS CLEARLY DEMARCATED NO MATTER WHAT  
10      REALLY THE SITUATION IS RIGHT NOW. IT COULD  
11      CHANGE QUICKLY.

12              MS. TRGOVCICH: DID YOU WANT TO SPECIFY A  
13      DOLLAR AMOUNT, OR LEAVE IT OPEN-ENDED AT THIS  
14      POINT?

15              CHAIRMAN RELIS: I'M NOT CLEAR. YOU  
16      WOULD HAVE TO CLARIFY THAT FOR ME IN TERMS OF WHY  
17      SPECIFYING A DOLLAR AMOUNT.

18              MS. TRGOVCICH: FOR THE LOANS.

19              CHAIRMAN RELIS: YEAH.

20              MS. TRGOVCICH: IN TERMS OF DOLLAR  
21      AMOUNTS THAT WOULD BE AVAILABLE.

22              MEMBER PENNINGTON: HOW MUCH MONEY DO YOU  
23      WANT TO SPEND ON THIS IS WHAT SHE'S SAYING.

24              MR. CHANDLER: IF YOU WANT MONEY TO COME  
25      FROM THE TIRE FUND, WOULD YOU LIKE TO SET ASIDE





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1 SOME MONEY FROM THE TIRE FUND TO FUND THESE LOANS?

2 CHAIRMAN RELIS: OH, I SEE. LIKE WE DID  
3 IN PRIOR YEARS. WHAT WAS THE AMOUNT WE --

4 MS. TRGOVCICH: I THINK IT WAS 600,000.

5 CHAIRMAN RELIS: 600,000. YES, IN THAT  
6 RANGE, 600,000.

7 MR. CHANDLER: SO THAT WOULD TAKE YOUR  
8 RESERVE FROM 865,000 DOWN TO 200,000.

9 CHAIRMAN RELIS: I WANT TO THINK THAT  
10 OVER OVERNIGHT. I DON'T WANT TO RUSH JUDGMENT ON  
11 THAT.

12 MEMBER PENNINGTON: ALL I SEE HERE IS  
13 \$800,000 THAT WE DEVOTE.

14 CHAIRMAN RELIS: LET'S HOLD IT OVER AND  
15 DEAL WITH IT IN FINALITY TOMORROW.

16 MS. RICE: DID YOU WANT US TO PUT A TITLE  
17 IN FOR POLICY COMMITTEE ON ALLOCATION ISSUES THAT  
18 MAY GO OVER INTO NOVEMBER AS A SAFETY?

19 MEMBER PENNINGTON: I THINK IT WOULD BE  
20 SMART. WE CAN ALWAYS CANCEL IT, PULL IT OFF THE  
21 AGENDA.

22 MS. TRGOVCICH: RIGHT NOW WE WOULD HAVE  
23 APPROXIMATELY THREE CATEGORIES OF TITLES THAT  
24 WOULD BE GOING FORWARD. ONE WOULD BE LEG.  
25 CONCEPTS, ANOTHER ONE WOULD BE ALLOCATION ISSUES,



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1       AND A THIRD WOULD BE ADDITION TO THE POLICY  
2       ISSUES, THE CONSIDERATION OF POLICY ISSUES THAT WE  
3       IDENTIFIED EARLIER --

4               CHAIRMAN RELIS:   CORRECT.

5               MS. TRGOVCICH:   -- IN THE CARRY-OVER.

6               CHAIRMAN RELIS:   OKAY.   WE DONE?

7               MEMBER PENNINGTON:  YOU ARE THE CHAIR.

8               CHAIRMAN RELIS:   WE'RE DONE.   NO FURTHER  
9       BUSINESS, ANYONE IN THE AUDIENCE.

10              MEMBER PENNINGTON:  DO WE NEED -- WAIT A  
11      MINUTE.   WAIT A MINUTE.   DO WE NEED TO MOVE ALL  
12      THIS?

13              CHAIRMAN RELIS:   WE'LL HAVE TO VOTE THIS  
14      OUT.   THERE'S A MOTION.

15              MEMBER PENNINGTON:  I'LL MOVE WHAT WE  
16      HAVE WORKED OUT HERE TOTALING --

17              CHAIRMAN RELIS:   WHAT'S THE TOTAL?

18              MS. TRGOVCICH:   \$2,530,000.

19              MEMBER PENNINGTON:  \$2,530,000.   SOUNDS  
20      LIKE MY WIFE'S NORDSTROM BILL.

21              CHAIRMAN RELIS:   AND THAT LEAVES AN  
22      UNENCUMBERED AMOUNT OF APPROXIMATELY 800 PLUS  
23      THOUSAND, 865,000.

24              MEMBER PENNINGTON:  I'LL MOVE THAT.  
25      CHAIRMAN RELIS:   OKAY.



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1 MEMBER GOTCH: SECOND.

2 CHAIRMAN RELIS: WE'LL CALL THE ROLL.

3 THE SECRETARY: MEMBER GOTCH.

4 MEMBER GOTCH: I'M ABSTAINING.

5 THE SECRETARY: MEMBER PENNINGTON.

6 MEMBER PENNINGTON: AYE.

7 THE SECRETARY: CHAIRMAN RELIS.

8 CHAIRMAN RELIS: AYE. OKAY. WE'RE DONE.

9

10 (END OF PROCEEDINGS AT 4:32 P.M.)

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